



Chairman's Mark 2004 Budget

**Prepared by
the U.S. Senate**

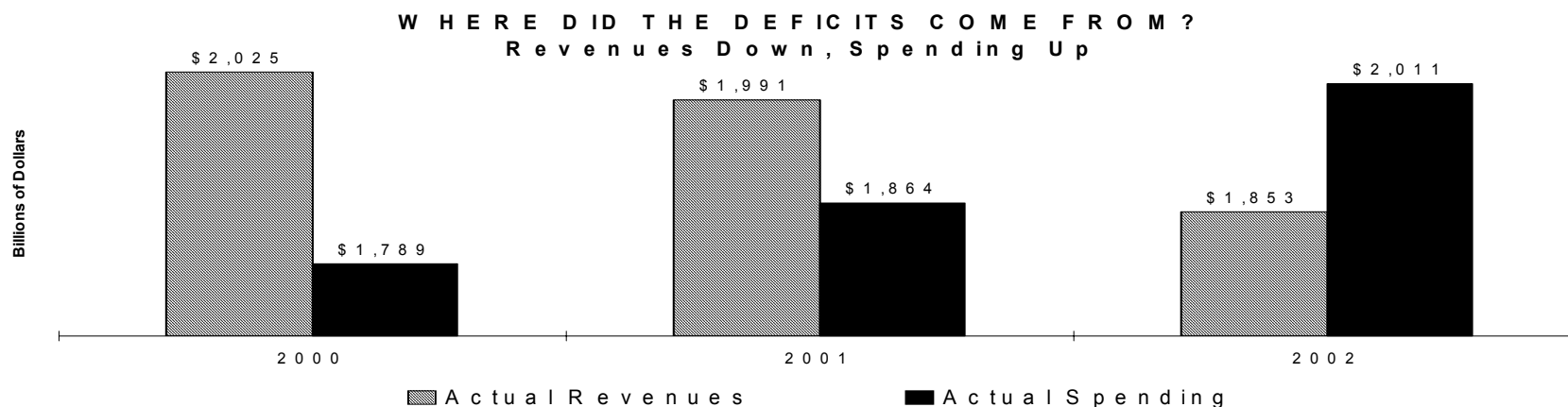
BUDGET COMMITTEE

March 12, 2003

CHAIRMAN'S MARK FY2004 BUDGET RESOLUTION

OVERVIEW

The federal government currently faces significant budget challenges. A recession, an attack on America, and a war have led to a dramatic and unforeseen deterioration in tax revenues, large spending increases, and the return of budget deficits. Revenues have fallen by nearly 9 percent over the last two years, and continue to underperform in early 2003. Meanwhile, spending grew by 12 percent over the same period. According to the Congressional Budget Office, the federal government would have recorded a budget deficit in 2002 even if the 107th Congress had never enacted a single spending increase or tax cut. These trends are neither acceptable, nor sustainable.



To address these issues, the Chairman's Mark for the fiscal year 2004 Congressional Budget Resolution invests in our economy and reestablishes enforceable limits on federal spending. The resolution reflects President George W. Bush's proposals to address critical national priorities now, while seeking to reduce federal budget deficits over time as the economy grows stronger and we address threats abroad.

Reducing Budget Deficits

- ▶ The Chairman's Mark increases deficits in the near term as we invest in the economy and fight the war against terrorism. Deficits would then gradually fall over the ten-year budget window before showing a small surplus in 2013. Stronger economic growth, or lower levels of spending, would balance the budget even sooner.
- ▶ Relative to the size of the economy, deficits under the Chairman's Mark would hit a high of 2.9 percent in 2004, and decline every year thereafter. Debt held by the Public would decline over the ten year period from 37 percent in 2004 to 29.6 percent in 2013, far below the post-World War II average of 41.5 percent.

Creating and Sustaining Economic Growth

- ▶ Clearly Congress cannot ignore our struggling economy and the associated loss of jobs. Our response must be immediate, of significant size to impact a \$10.8 trillion economy, and create both short- and long-term incentives for economic growth.
- ▶ The Chairman's Mark provides \$698 billion from 2003 to 2013 to the Senate Committee on Finance for economic growth and job creation tax relief. The Finance Committee is directed to produce a reconciliation bill for this purpose.
- ▶ The President has shown tremendous leadership on this issue by proposing an aggressive mix of tax relief designed to let families keep more of the money they earn, encourage investment by small businesses, and eliminate the tax-code's bias against corporate dividends.
- ▶ The amount provided to the Finance Committee is sufficient to accommodate the President's proposals to accelerate marginal income tax rate cuts, accelerate marriage penalty relief, increase the child tax credit, eliminate the double-taxation of dividends, and increase small business expensing limits. Since the Budget Resolution cannot dictate specific tax policy changes, these or other tax incentives may ultimately be included in the legislation.
- ▶ An analysis by the Center for Data Analysis at the Heritage Foundation using the DRI-WEFA U.S. macroeconomic model showed substantial economic benefits from the President's growth proposals, including:
 - ▶ JOBS: 997,000 new jobs in 2004, and an annual average of 837,000 new jobs from 2004 through 2013;
 - ▶ GROWTH: \$84 billion higher GDP in 2004, and an annual average of \$69 billion in additional GDP from 2004 through 2013;
 - ▶ INCOME: \$178 billion in additional disposable income in 2004, and an annual average of \$120 billion in additional

- ▶ disposable income from 2004 through 2013; and
- ▶ DEFICITS: The net “cost” of the President’s proposals fall by nearly 57% versus a static estimate, which could result in a substantially smaller impact on the deficit over the period.

Enforcing Budget Discipline

- ▶ Expiration of the Budget Enforcement Act on September 30, 2002, and the Senate’s failure to pass a Budget Resolution last year, left little means to control federal spending. A temporary extension of the 60-vote requirement for Budget Act points of order and the pay-as-you-go point of order will expire on April 15, 2003.
- ▶ The Chairman’s Mark restores and strengthens budget discipline by establishing enforceable caps on discretionary spending for 2003, 2004, and 2005. The spending caps are set at levels consistent with the President’s request, and are enforced with a 60-vote point of order.
- ▶ The Chairman’s Mark reinstates a 60-vote point of order against advance appropriations exceeding levels provided in 2001 and 2002, and reinforces the existing 60-vote point of order against non-defense emergency appropriations.
- ▶ The Chairman’s Mark also extends the pay-as-you-go point of order to limit any mandatory spending increases or revenue decreases in excess of those provided for in the Budget Resolution.

Winning the War on Terrorism

- ▶ The Chairman’s Mark provides a \$400.1 billion defense budget for 2004 that will enable our military to continue waging an aggressive and global war on terrorism. The Chairman’s Mark does not include any assumption for military costs associated with disarming Iraq, since the President has not yet requested such resources.

Strengthening & Improving Medicare

- ▶ The Chairman's Mark proposes to invest \$400 billion over 10 years to strengthen, improve, and modernize Medicare including access to a prescription drug benefit, enhanced benefits for medical care, catastrophic coverage and assistance to low-income beneficiaries.

Leaving No Child Behind

- ▶ The Chairman's Mark provides \$12.684 billion for Title 1 Grants to Local Education Agencies (a \$1 billion increase or 8.6 percent).
- ▶ The Chairman's Mark also provides for \$10.077 billion for Special Education Grants to States (a \$1.205 billion increase or 13.6 percent) which takes total funding for this program to 20 percent of average per pupil expenditures.

Rejecting Tax Increases

- ▶ The Chairman's Mark assumes that the major components of the bipartisan tax relief enacted in 2001 are not allowed to expire in 2010, as the Congressional Budget Office is required to assume under budget baseline rules.
- ▶ If Congress allowed these tax cuts to expire, American taxpayers would face a \$134 billion tax increase in 2011 and would pay \$602 billion in higher taxes by 2013.
- ▶ The Congressional Budget Office has estimated that allowing these tax cuts to expire would also lower GDP by about half a percent by 2013.

Providing for Other Priorities

- ▶ **Homeland Security:** The Chairman's Mark provides the full amount of the President's request for homeland security spending to secure the nation's borders, train and equip first responders, protect critical infrastructure, guard against bio-terrorism, and improve intelligence analysis and coordination. Funding for the new Department of Homeland Security would grow from \$21.3 billion in 2003 to \$27.1 billion in 2004, an increase of 27.5 percent.
- ▶ **Helping the Uninsured:** The Chairman's Mark proposes to modernize Medicaid by giving states choice and flexibility,

incentivizing them to revolutionize health care for the poor as they have with welfare and children's health insurance. The Chairman's Mark also provides \$50 billion in a reserve fund for proposals to make health insurance more affordable and accessible to uninsured Americans.

- ▶ AIDS Relief: The Chairman's Mark provides \$450 million in 2004, and an additional \$22 billion over 10 years, to slow the global spread of HIV/AIDS and deliver treatment to millions of infected people in developing countries.
 - ▶ Veterans: The Chairman's Mark provides \$28.2 billion in discretionary spending for veterans benefits and services, a \$1.6 billion increase or 6.1 percent over 2003.
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CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - SUMMARY LEVELS
(\$ BILLIONS)

		2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
Discretionary:														
Defense	BA	361	392	400	419	440	460	480	487	493	500	508	516	4,703
	OT	349	386	401	414	425	438	462	476	485	498	499	512	4,610
% change/average annual growth in Defense BA			8.6%	2.0%	4.8%	4.8%	4.6%	4.4%	1.4%	1.2%	1.6%	1.6%	1.6%	2.9%
Nondefense	BA	374	374	384	396	406	419	432	439	446	453	460	468	4,303
	OT	386	418	433	436	444	456	467	477	484	492	499	507	4,695
% change/average annual growth in Nondefense BA			-0.0%	2.9%	2.9%	2.7%	3.1%	3.2%	1.5%	1.5%	1.6%	1.7%	1.7%	2.2%
Subtotal	BA	735	766	784	815	846	878	912	926	938	953	968	984	9,006
	OT	734	805	833	850	869	894	929	952	970	990	998	1,019	9,304
% change/average annual growth in Total Disc BA			4.2%	2.4%	3.9%	3.8%	3.9%	3.9%	1.5%	1.3%	1.6%	1.6%	1.7%	2.6%
Mandatory	OT	1,106	1,183	1,238	1,306	1,379	1,456	1,541	1,633	1,728	1,840	1,922	2,055	16,098
Net interest	OT	171	156	167	207	236	251	261	270	276	282	287	287	2,524
Total outlays		2,011	2,143	2,239	2,363	2,484	2,601	2,732	2,855	2,974	3,112	3,207	3,361	27,927
% change/average annual growth			6.6%	4.4%	5.6%	5.1%	4.7%	5.0%	4.5%	4.2%	4.6%	3.0%	4.8%	4.6%
Revenues		1,853	1,855	1,909	2,107	2,282	2,445	2,591	2,742	2,893	3,034	3,201	3,379	26,583
% change/average annual growth			0.1%	2.9%	10.4%	8.3%	7.1%	6.0%	5.8%	5.5%	4.9%	5.5%	5.6%	6.6%
Unified surplus		(158)	(288)	(330)	(256)	(202)	(156)	(141)	(113)	(81)	(77)	(6)	18	(1,344)
On-budget		(317)	(453)	(503)	(450)	(417)	(390)	(395)	(385)	(371)	(386)	(328)	(318)	(3,943)
Off-budget		160	165	173	194	215	234	254	272	290	308	323	336	2,599
Unified Deficit as a % of GDP		-1.5%	-2.7%	-2.9%	-2.1%	-1.6%	-1.2%	-1.0%	-0.8%	-0.5%	-0.5%	-0.0%	0.1%	
Debt Held by the Public		3,540	3,858	4,185	4,448	4,663	4,831	4,982	5,105	5,194	5,279	5,292	5,280	

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION
(as a % of Gross Domestic Product)

	2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
Gross Domestic Product in billions of dollars	10,336.7	10,755.9	11,309.3	11,934.1	12,581.5	13,262.8	13,972.2	14,711.8	15,480.4	16,250.2	17,013.0	17,851.2	144,366.7
Total Spending	19.5%	19.9%	19.8%	19.8%	19.7%	19.6%	19.6%	19.4%	19.2%	19.1%	18.8%	18.8%	19.3%
Total Revenues	17.9%	17.2%	16.9%	17.7%	18.1%	18.4%	18.5%	18.6%	18.7%	18.7%	18.8%	18.9%	18.4%
Unified surplus	-1.5%	-2.7%	-2.9%	-2.1%	-1.6%	-1.2%	-1.0%	-0.8%	-0.5%	-0.5%	-0.0%	0.1%	-0.9%
On-budget	-3.1%	-4.2%	-4.5%	-3.8%	-3.3%	-2.9%	-2.8%	-2.6%	-2.4%	-2.4%	-1.9%	-1.8%	-2.7%
Off-budget	1.5%	1.5%	1.5%	1.6%	1.7%	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%	1.9%	1.8%
Debt Held by the Public	34.3%	35.9%	37.0%	37.3%	37.1%	36.4%	35.7%	34.7%	33.6%	32.5%	31.1%	29.6%	0.0%

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - SUMMARY CHANGES
(\$ BILLIONS)

	2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
SBC Baseline:													
Unified deficit	(158)	(246)	(200)	(123)	(57)	(9)	27	61	96	231	405	459	891
On-budget	(317)	(408)	(373)	(317)	(269)	(240)	(224)	(207)	(190)	(73)	88	128	(1,678)
Off-budget	160	163	173	195	212	231	250	268	286	304	318	331	2,568
Discretionary	0	0	(4)	(4)	2	8	18	17	9	(2)	(13)	(24)	6
Mandatory	0	6	15	28	47	53	57	58	58	58	60	62	496
Net interest	0	0	4	11	19	27	35	45	54	67	86	108	455
Tax cuts (net)	0	(37)	(116)	(98)	(78)	(59)	(57)	(56)	(56)	(185)	(279)	(295)	(1,277)
Total change	0	(43)	(130)	(133)	(145)	(147)	(167)	(175)	(177)	(308)	(411)	(441)	(2,235)
Resolution Total:													
Unified deficit	(158)	(288)	(330)	(256)	(202)	(156)	(141)	(113)	(81)	(77)	(6)	18	(1,344)
On-budget	(317)	(453)	(503)	(450)	(417)	(390)	(395)	(385)	(371)	(386)	(328)	(318)	(3,943)
Off-budget	160	165	173	194	215	234	254	272	290	308	323	336	2,599
Unified Deficit as a % of GDP	-1.5%	-2.7%	-2.9%	-2.1%	-1.6%	-1.2%	-1.0%	-0.8%	-0.5%	-0.5%	-0.0%	0.1%	
Debt Held by the Public	3,540	3,858	4,185	4,448	4,663	4,831	4,982	5,105	5,194	5,279	5,292	5,280	

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - DETAILED CHANGES
(\$ BILLIONS)

	2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
SBC BASELINE UNIFIED DEFICIT	(157.8)	(245.9)	(199.8)	(122.7)	(57.3)	(8.7)	26.6	61.4	95.9	230.8	405.5	458.9	890.6
Budget proposals:													
Discretionary													
Defense	0.0	0.0	(1.0)	2.4	7.7	12.7	22.3	23.6	20.8	16.4	11.5	7.1	123.3
Nondefense	0.0	0.0	(2.8)	(6.1)	(6.0)	(5.1)	(4.2)	(6.9)	(12.0)	(18.2)	(24.9)	(31.5)	(117.5)
Subtotal, Discretionary	0.0	0.0	(3.8)	(3.7)	1.7	7.6	18.1	16.7	8.9	(1.8)	(13.5)	(24.4)	5.8
Mandatory													
Reserve Funds													
Medicare	0.0	0.0	6.0	10.0	33.0	38.0	43.0	46.0	49.0	53.0	58.0	64.0	400.0
Health tax credits	0.0	0.0	0.2	6.2	7.5	7.3	7.2	7.2	7.2	7.2	0.0	0.0	50.0
SCHIP	0.0	0.1	0.1	0.2	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.9
Medicaid	0.0	0.0	3.3	1.1	1.7	1.2	1.8	2.3	1.6	(0.2)	(4.4)	(8.3)	(0.1)
Children with Special Needs	0.0	0.0	0.0	0.1	0.3	0.5	0.7	0.9	1.0	1.1	1.2	1.5	7.3
Project Bioshield	0.0	0.0	0.9	0.9	0.8	0.4	0.4	0.4	0.4	0.4	0.4	0.4	5.6
Stateside Land and Water Conservation Fund Program	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>1.5</u>
Total, Reserve Funds	0.0	0.1	10.4	18.5	43.6	47.7	53.3	57.0	59.4	61.8	55.5	57.9	465.1
Growth Package	0.0	4.4	1.1	4.6	4.2	3.8	3.7	3.5	2.2	0.0	0.0	0.0	23.1
Outlays effect of Tax Extensions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	11.5	10.9	22.3
Other Mandatories													
Spending													
Reduce Postal Service Payment to CSRS	0.0	1.0	2.1	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.8
Financial Agent Services	0.0	0.0	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	4.3
Transitional Medical Extension	0.0	0.0	0.3	0.9	0.7	0.6	0.7	0.5	0.1	0.0	0.0	0.0	3.9
TANF	0.0	0.0	0.3	0.4	0.3	0.4	0.3	0.3	0.4	0.4	0.4	0.4	3.5
QI-1 five year extension	0.0	0.0	0.1	0.2	0.2	0.2	0.3	0.1	0.0	0.0	0.0	0.0	1.1
Child Care entitlement	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.9
CARE Act	0.0	0.0	0.8	0.3	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	1.3
Foster Care and Adoption Assistance	0.0	0.0	0.1	0.2	0.2	0.1	(0.0)	0.1	0.0	0.0	0.0	0.0	0.7
Other Spending	<u>0.0</u>	<u>0.1</u>	<u>0.5</u>	<u>0.7</u>	<u>0.8</u>	<u>0.3</u>	<u>(0.0)</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>	<u>0.4</u>	<u>3.0</u>
Total, Spending	0.0	1.2	4.6	7.0	2.9	2.3	2.0	1.7	1.2	1.1	1.2	1.4	25.5
Savings													
Customs User Fees	0.0	0.0	(1.3)	(1.5)	(1.5)	(1.6)	(1.7)	(1.8)	(1.9)	(2.0)	(2.1)	(2.3)	(17.8)
Medical Malpractice Reform	0.0	0.0	0.0	(0.2)	(0.4)	(0.7)	(1.2)	(1.5)	(1.7)	(1.8)	(1.9)	(1.9)	(11.3)
Spectrum	0.0	0.0	0.0	(0.0)	(0.0)	2.5	2.2	(0.4)	(0.4)	(0.5)	(3.0)	(3.0)	(2.7)
Government Pension Matching	0.0	0.0	0.0	0.0	(0.2)	(0.2)	(0.3)	(0.4)	(0.3)	(0.3)	(0.3)	(0.4)	(2.3)
ANWR	0.0	0.0	0.0	0.0	(1.7)	(0.0)	(0.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(2.2)
Conservation Security Program	0.0	0.0	0.0	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(1.8)
Other Savings	<u>0.0</u>	<u>0.0</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(1.6)</u>
Total, Savings	0.0	0.0	(1.4)	(1.9)	(4.1)	(0.5)	(1.8)	(4.4)	(4.6)	(5.0)	(7.8)	(8.1)	(39.6)
Subtotal, Mandatory	0.0	5.6	14.7	28.2	46.5	53.4	57.3	57.8	58.2	57.9	60.4	62.2	496.5
Revenues													
Jobs and Growth and Tax Act of 2003	0.0	(35.4)	(112.8)	(93.7)	(73.3)	(54.5)	(53.6)	(54.1)	(54.0)	(51.3)	(54.8)	(60.9)	(662.9)
Extension of Expiring Provisions	0.0	(0.1)	(0.5)	(0.8)	(1.0)	(1.3)	(1.7)	(1.6)	(2.4)	(134.4)	(224.2)	(234.0)	(601.7)

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - DETAILED CHANGES
(\$ BILLIONS)

	2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
Senate Passed Energy Bill from 2002	0.0	(0.4)	(1.2)	(2.7)	(3.9)	(3.8)	(1.9)	(0.4)	(0.3)	(0.3)	(0.4)	(0.7)	(15.5)
S. 476, CARE Act of 2003	0.0	(0.6)	(1.2)	(0.7)	0.4	0.3	0.4	0.4	0.5	0.6	0.7	0.9	2.3
S.351, Armed Forces Tax Fairness Act of 2003	0.0	(0.1)	0.1	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	0.1
Trade Bill Impacts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mental Health Parity, S. 543	0.0	0.0	(0.2)	(0.4)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(5.5)
Health Act of 2002, HR 4600	0.0	0.0	0.0	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	2.4
Revenue Offsets	0.0	0.0	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	3.3
Subtotal, Revenues	0.0	(36.6)	(115.7)	(98.0)	(77.7)	(59.2)	(56.7)	(55.6)	(56.0)	(185.3)	(278.6)	(294.7)	(1,277.4)
Related Debt Service	0.0	0.3	3.6	10.9	18.8	26.9	35.4	44.5	53.9	66.8	85.7	108.2	454.8
Subtotal, Budget Proposals	0.0	(42.5)	(130.2)	(133.4)	(144.7)	(147.1)	(167.4)	(174.7)	(177.0)	(308.1)	(411.2)	(440.7)	(2,234.5)
BUDGET DEFICIT, CHAIRMAN'S MARK	(157.8)	(288.4)	(330.0)	(256.1)	(202.1)	(155.8)	(140.8)	(113.2)	(81.1)	(77.3)	(5.8)	18.2	(1,343.9)

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION
Discretionary Totals
(\$ billions)

Function		2002 Actual	2003	2004	Difference	% Change
050	BA	361.0	392.1	400.1	7.9	2.0%
National Defense	OT	348.5	386.4	400.6	14.2	3.7%
150	BA	25.2	25.4	27.5	2.1	8.4%
Int'l Affairs	OT	26.2	26.0	26.1	0.1	0.4%
250	BA	21.9	23.0	23.6	0.5	2.3%
Science, Space, Technology	OT	20.7	21.5	22.6	1.2	5.5%
270	BA	3.2	3.2	3.7	0.4	13.4%
Energy	OT	3.0	3.2	3.6	0.4	13.5%
300	BA	29.1	29.2	29.3	0.1	0.3%
Natural Resources, Environment	OT	28.9	27.9	29.0	1.2	4.2%
350	BA	5.7	5.7	5.2	(0.5)	-8.5%
Agriculture	OT	5.3	5.9	5.6	(0.3)	-4.5%
370	BA	0.7	0.2	(0.5)	(0.6)	-430.7%
Commerce, Housing Credit	OT	1.2	0.1	0.1	0.0	70.4%
400	BA	23.8	22.6	23.2	0.6	2.6%
Transportation	OT	57.3	65.2	67.1	2.0	3.0%
450	BA	23.1	11.7	13.8	2.1	17.9%

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION
Discretionary Totals
(\$ billions)

Function		2002 Actual	2003	2004	Difference	% Change
Community, Regional Development	OT	14.1	16.1	15.9	(0.1)	-0.9%
500	BA	71.3	72.9	78.5	5.6	7.7%
Education, Training, Employment, Social Services	OT	62.8	72.0	75.1	3.2	4.4%
550	BA	45.8	49.5	49.6	0.2	0.3%
Health	OT	39.4	44.3	47.7	3.4	7.7%
570	BA	3.7	3.8	3.7	(0.1)	-1.6%
Medicare	OT	3.2	3.8	3.7	(0.1)	-1.9%
600	BA	42.4	44.0	45.7	1.7	3.8%
Income Security	OT	48.1	50.8	51.5	0.8	1.5%
650	BA	3.5	3.8	4.3	0.4	11.7%
Social Security	OT	3.9	3.9	4.2	0.4	9.6%
700	BA	24.1	26.5	28.2	1.6	6.1%
Veterans Benefits, Services	OT	24.0	26.9	28.0	1.1	4.0%
750	BA	34.7	36.3	33.5	(2.8)	-7.6%
Administration of Justice	OT	33.2	35.5	37.5	2.0	5.7%
800	BA	15.6	15.7	17.1	1.4	8.9%
General Government	OT	14.6	15.6	16.8	1.2	7.8%

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION
Discretionary Totals
(\$ billions)

Function		2002 Actual	2003	2004	Difference	% Change
920	BA	0.0	0.0	(2.1)	(2.1)	
Allowances	OT	0.0	0.0	(2.0)	(2.0)	
950	BA	0.0	0.0	0.0	0.0	
Undistributed Offsetting Receipts	OT	0.0	0.0	0.0	0.0	
Total						
	BA	734.7	765.8	784.5	18.7	2.4%
	OT	734.4	804.7	833.3	28.6	3.6%
Defense						
	BA	361.0	392.1	400.1	7.9	2.0%
	OT	348.5	386.4	400.6	14.2	3.7%
Nondefense						
	BA	373.7	373.7	384.4	10.7	2.9%
	OT	385.9	418.3	432.7	14.4	3.4%

ECONOMICS

The budget resolution is built upon CBO's assumptions about the future path of the US economy. CBO prepares economic forecasts for 2001 and 2002, which reflect the current state of the economy and relative position in the business cycle.

I: Economic Overview

From the end of the summer through the fall, the U.S. economy entered a soft patch. Industrial Production declined in four of the final five months of 2002. Employment on non-farm payrolls declined by 38,000 jobs during the three months ended in December. State and local governments, which account for 12% of GDP, reported budget shortfalls totaling more than \$17.5 billion in November. In addition, oil prices increased by almost \$4 per barrel in the second half of last year.

Some retailers were hoping for a robust Christmas shopping season to boost their fortunes. However, the lateness of the Thanksgiving holiday reduced the number of days available to shoppers, and Christmas sales came in lower than projected.

As such, economic growth during the fourth quarter slowed dramatically. GDP increased just 1.4% in the fourth quarter, down from a 4% annualized pace in the prior period. Most of the slowdown can be attributed to a 22% annualized drop in the production of motor vehicles and parts. On the positive side, business investment increased for the first time in more than two years, increasing 4.6% as a result of continued strength in equipment and software.

Going forward, there exists a great deal of uncertainty surrounding the geopolitical outlook. These risk are reflected in the recent volatility of the stock market and the elevated level of corporate yield spreads. Concerned consumers and businesses could continue to react to the uncertainty of an impending war by spending and investing less. Nevertheless, there are also reasons for optimism. The Federal Reserve's monetary policy is currently accommodative and Congress is likely to enact a moderate amount of stimulus.

II: Comparison of Administration and CBO Economic Assumptions

2 ECONOMICS

Including associated interest costs, changes to the economic outlook from the January 2001 baseline have reduced OMB's 2003 surplus projection by \$284 billion and the 2002-11 surplus projection by \$3,174 billion. For CBO, changes to the economic outlook from that same baseline have reduced the 2003 surplus projection by \$339 billion and the 2002-11 surplus projection by \$2,716 billion. The economic changes referred to above also include the impact of technical re-estimates. CBO's economic assumptions are roughly in line with OMB and the private sector. OMB estimates a 2003 baseline budget deficit of \$264 billion versus CBO's estimate of a \$246 billion budget deficit.

Growth

OMB and CBO expect the recovery to continue this year following the recession that started almost two years ago. The Administration and Congress differ in their 2003 forecast of real GDP by 0.4 percentage points. CBO forecasts that GDP will grow 2.5% in 2003, slightly less than both Blue Chip and OMB. Each expects the economy to grow 2.6% and 2.9%, respectively. However, OMB's and CBO's forecasts converge in 2004 and remain virtually the same through 2008. During the six-year period 2003 to 2008, OMB projects annual economic growth to average 3.3%. CBO's projection is just 0.1 percentage point lower.

Inflation

Both OMB and CBO anticipate inflation to rise moderately this year as economic growth picks up, thereby reducing excess capacity and potentially restoring some pricing power to producers. CBO forecasts CPI inflation to reach its five-year average of 2.3% in 2003, dip slightly in 2004 and plateau at 2.5% in 2006 and beyond. Though differing in its path, Blue Chip's forecast of annual average inflation between 2003 and 2008 roughly matches CBO's at 2.4%. OMB is slightly more optimistic on inflation than CBO or Blue Chip. OMB projects that the CPI will increase 2.2% this year, and will reach its current five-year average by 2008.

Although the trend toward higher inflation is also evident in both OMB's and CBO's GDP deflator projections, the magnitude of the increase is different. OMB forecasts less of an increase in 2003 and trails CBO and Blue Chip by an average 0.4 percentage points from 2003 through 2008. CBO forecasts the GDP deflator to rise more rapidly in 2003 and steadily increase throughout the projection period.

Interest Rates

Both OMB and CBO expect short-term interest rates to remain low this year (1.6 and 1.4 percent, respectively) and then nearly double in 2004 (to 3.3 and 3.5 percent, respectively). Although slightly higher in 2003, OMB's projection of short-term interest rates is consistently lower than CBO's by roughly 0.5 percentage point per year between 2004 and 2008. OMB projects long-term rates will average 5.2 percent from 2003 through 2008; CBO projects 5.4 percent.

ECONOMICS

ECONOMIC PROJECTIONS COMPARISON (Calendar Years)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
% Change (Year to Year):							
Nominal GDP Growth							
Administration*	3.6	4.2	5.2	5.1	5.0	5.0	4.9
CBO*	3.6	4.2	5.4	5.5	5.4	5.4	5.3
Blue Chip*	3.6	4.3	5.5	5.5	5.4	5.3	5.4
Real GDP Growth							
Administration	2.4	2.9	3.6	3.5	3.3	3.2	3.1
CBO	2.4	2.5	3.6	3.4	3.3	3.2	3.1
Blue Chip	2.4	2.6	3.6	3.4	3.3	3.1	3.1
Consumer Price Index							
Administration	1.6	2.2	2.1	2.1	2.2	2.2	2.3
CBO	1.6	2.3	2.2	2.4	2.5	2.5	2.5
Blue Chip	1.6	2.3	2.3	2.5	2.5	2.6	2.6
GDP Price Index							
Administration	1.1	1.3	1.5	1.5	1.7	1.7	1.8
CBO	1.1	1.6	1.7	2.0	2.1	2.1	2.2
Blue Chip	1.1	1.6	1.8	2.0	2.1	2.2	2.2

2 ECONOMICS

Annual Rate:

Unemployment

Administration	5.8	5.7	5.5	5.2	5.1	5.1	5.1
CBO	5.8	5.9	5.7	5.4	5.3	5.2	5.2
Blue Chip	5.8	5.9	5.6	5.3	5.2	5.1	5.1

Three-Month T-Bill

Administration	1.6	1.6	3.3	4.0	4.2	4.2	4.3
CBO	1.6	1.4	3.5	4.8	4.9	4.9	4.9
Blue Chip	1.6	1.4	2.8	4.1	4.4	4.5	4.6

Ten-Year T-Note

Administration	4.6	4.2	5.0	5.3	5.4	5.5	5.6
CBO	4.6	4.4	5.2	5.7	5.8	5.8	5.8
Blue Chip	4.6	4.2	5.1	5.6	5.8	5.8	5.8

Share of GDP:

Corporate Profits

Administration	6.3	7.1	7.2	8.9	8.5	8.2	8.0
CBO	6.2	6.8	7.3	9.2	9.4	9.2	8.9

Wage and Salaries

Administration	48.1	48.5	48.7	48.8	48.7	48.6	48.5
CBO	48.1	48.1	48.1	48.1	48.0	48.0	47.9

*President's FY 2004 Budget; CBO's "Economic and Budget Outlook: Fiscal Years 2004 - 2013"; Blue Chip March 2003 Economic Indicators for 2003 through 2008

BUDGET BY FUNCTION

FUNCTION 050: NATIONAL DEFENSE FY2004 BUDGET RESOLUTION

The National Defense budget function includes the Department of Defense (95 percent of the function total), defense activities in the Department of Energy (4 percent), and small amounts expended in other federal agencies.

CHAIRMAN'S MARK (\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	392.5	400.5	420.1	440.2	460.4	480.9	486.8	492.5	500.3	508.2	516.4
Outlays	386.2	400.9	414.2	426.0	438.7	462.9	475.6	485.5	597.8	498.9	512.0

Discretionary

The Chairman's Mark assumes discretionary spending for National Defense would total \$400.1 billion in BA and \$400.6 billion in outlays for 2004. This represents an increase of \$7.9 billion in BA (+ 2.0 percent) and \$14.2 billion in outlays (+ 3.7 percent) from the 2003 level. The Chairman's Mark includes the following specific assumptions:

Department of Defense

- ▶ The Chairman's Mark assumes \$380.8 billion in discretionary budget authority for the Department of Defense, an increase of \$6.2 billion (+ 1.6 percent) above the 2003 appropriated level of \$374.6 billion.
- ▶ The Chairman's Mark assumes \$231.9 billion in discretionary budget authority for readiness accounts (military personnel and operations and maintenance) in 2004. This represents an increase of \$2.4 billion in BA (+ 1.0 percent) above the 2003 appropriated level of \$229.5 billion. These appropriations would support an active duty end strength of 1,388,100 and a Selected Reserves strength of 863,000. It would also support pay raises ranging from 2.0 percent to 6.3 percent, targeted by rank and years of service.

- ▶ The Chairman's Mark assumes \$136.2 billion for investment accounts (procurement and research, development, testing, and evaluation) in 2004. This represents an increase of \$4.8 billion in BA (+ 3.9 percent) above the 2003 appropriated level of \$131.4 billion. Major purchases would include a Virginia Class submarine, 3 DDG-51 destroyers, 42 F/A-18E/F fighter aircraft, and 22 F-22 fighter aircraft.
- ▶ The Chairman's Mark assumes \$9.1 billion in discretionary budget authority for military construction and family housing representing a 13.8 percent decrease from the 2003 appropriated level of \$10.5 billion. The Chairman's Mark is \$0.1 billion more than was requested in 2003.
- ▶ The Chairman's Mark does not assume costs associated with disarming Iraq or other costs that would be incurred as a precursor to or in the aftermath of any such operations.

Department of Energy

- ▶ The Chairman's Mark assumes \$16.9 billion in discretionary budget authority for defense activities in the Department of Energy representing an increase of \$1.1 billion (+ 6.9 percent) above the 2003 enacted level of \$15.8 billion.
- ▶ The Chairman's Mark assumes \$8.8 billion in discretionary budget authority for the National Nuclear Security Administration representing an increase of \$796 million (+ 10.0 percent) above the 2003 enacted level of \$8.0 billion.
- ▶ The Chairman's Mark assumes \$7.7 billion in discretionary budget authority for the Department of Energy's environmental and other defense activities representing an increase of \$185 million (+ 2.5 percent) above the 2003 enacted level of \$7.6 billion.

Mandatory

The Chairman's Mark assumes no mandatory increases or decreases in this function. Of note, the Chairman's Mark assumes full funding for the so-called "Purple Heart Plus" program which was included in last year's Defense Authorization Act. The provision allows all disabled military retirees whose disabilities are a direct result of combat, and those most severely disabled (60 percent or greater) military retirees whose disabilities are a direct result of combat-related injury, to receive their full military retirement pay as well as a special compensation equal to the amount of veterans' disability compensation – without offset.

FUNCTION 150: INTERNATIONAL AFFAIRS FY2004 BUDGET RESOLUTION

The International Affairs budget function funds the operation of embassies and other diplomatic missions abroad; foreign aid grants and technical assistance activities in less developed countries; security assistance to foreign governments; foreign military sales; U.S. contributions to international financial institutions and international organizations; the Export-Import Bank and other trade promotion activities; and refugee assistance.

CHAIRMAN'S MARK (\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	22.5	24.6	28.9	31.7	33.3	34.6	35.7	36.8	37.9	39.0	40.2
Outlays	19.3	23.5	24.1	25.9	28.1	29.5	30.9	32.1	33.2	34.3	35.5

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$27.5 billion in BA and \$26.1 billion in outlays for 2004. This represents an increase of \$2.4 billion in BA (+ 8.4 percent) and \$100 million in outlays (+ 0.4 percent) from the 2003 level. The Chairman's Mark includes the following specific assumptions:

International Development and Humanitarian Assistance

- ▶ The Chairman's Mark assumes \$11.5 billion in discretionary budget authority for International Development and Humanitarian Assistance, an increase of \$1.1 billion (+ 10.5 percent) above the 2003 appropriated level of \$10.4 billion.
- ▶ Within International Development and Humanitarian Assistance, the Chairman's Mark assumes the creation of the Millennium Challenge Corporation with a funding level of \$300 million in FY 2004. This funding level, while less than the President's request, would allow for a more measured start-up of the program. The Chairman's Mark would grow the Millennium Challenge Account

to a level consistent with the President's plan by 2008.

- ▶ Within International Development and Humanitarian Assistance, the Chairman's Mark also assumes a new Global AIDS Initiative (\$450 million in 2004 and \$22.3 billion over 10 years), and a new fund for dealing with Famine (\$200 million in 2004 and 2.2 billion over 10 years).

International Security Assistance

- ▶ The Chairman's Mark assumes \$7.5 billion in discretionary budget authority for International Security Assistance, an increase of \$791 million (+ 11.8 percent) above the 2003 appropriated level of \$6.7 billion.

Conduct of Foreign Affairs

- ▶ The Chairman's Mark assumes \$7.5 billion in discretionary budget authority for the Conduct of Foreign Affairs, an increase of \$636 million (+ 9.2 percent) above the 2003 appropriated level of \$6.9 billion.

Foreign Information and Exchange Activities

- ▶ The Chairman's Mark assumes \$983 million in discretionary budget authority for Foreign Information and Exchange Activities, an increase of \$152 million (+ 18.3 percent) above the 2003 appropriated level of \$831 million.

Mandatory

The Chairman's Mark assumes no mandatory increases or decreases in this function.

FUNCTION 250: GENERAL SCIENCE, SPACE AND TECHNOLOGY FY2004 BUDGET RESOLUTION

This function includes the National Aeronautics and Space Administration (NASA) civilian space program and basic research programs of the National Science Foundation (NSF) and Department of Energy (DOE).

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	23.2	23.6	24.4	25.2	26.1	26.8	27.5	28.1	28.8	29.5	30.2
Outlays	21.6	22.7	23.7	24.4	25.2	25.9	26.6	27.3	28.0	28.6	29.3

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$23.6 billion in BA and \$22.6 billion in outlays for 2004. This represents an increase of \$0.6 billion (2.4 percent) in BA and \$1.2 billion (5.5 percent) in outlays from the 2003 level. The Chairman's Mark includes the following specific assumptions:

- ▶ For NASA, The Chairman's Mark assumes funding the President's request of \$14.5 billion for function 250 activities (this excludes NASA aeronautics funding that falls in function 400). Included is \$6.7 billion for Science, Aeronautics, and Exploration and \$7.8 billion for Space Flight Capabilities. The President's request of \$4.0 billion (on a full cost basis) is assumed for the Space Shuttle.
- ▶ The Chairman's Mark assumes funding the President's request of \$5.4 billion for NSF activities in function 250, a 3.2 percent increase over the 2003 level.
- ▶ For DOE Science programs, the Chairman's Mark assumes a \$100 million increase over the President's request, bringing total funding for DOE Science programs to \$3.4 billion in 2004, a 4.6 percent increase over the 2003 level.

- ▶ The Chairman's Mark includes \$273 million for the Department of Homeland Security in 2004. These funds support the advance of homeland security through scientific research

Mandatory

The Chairman's Mark assumes no mandatory increases or decreases in this function.

FUNCTION 270: ENERGY

FY2004 BUDGET RESOLUTION

This function includes civilian activities of the Department of Energy, the Rural Utilities Service, the power programs of the Tennessee Valley Authority (TVA), and the Nuclear Regulatory Commission (NRC).

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	2.1	2.6	2.8	2.7	2.5	3.1	3.1	3.2	3.3	3.4	3.5
Outlays	0.4	0.9	1.0	1.3	1.1	1.4	1.7	1.8	2.0	2.4	2.3

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$3.7 billion in BA and \$3.6 billion in outlays for 2004. This represents an increase of \$435 million in BA or 13 percent and \$426 million in outlays from the 2003 level. The Chairman's Mark includes the following specific assumptions:

1. The Chairman's Mark assumes \$881 million for Non-defense environmental management activities. This is an increase of \$213 million or 32 percent over the 2003 enacted level. There is another \$6.3 billion in function 050 for environmental management activities.
2. The Chairman's Mark assumes \$802 million for Energy Supply activities. This is \$106 million or 15 percent over the 2003 enacted level. This increase includes funding for the President's Freedom Fuel initiative which would help reverse America's growing dependence on foreign oil, by providing funds for research for a commercially viable hydrogen-powered fuel cell technology. This level of funding also assumes an increase in funding for programs in a comprehensive energy bill, including nuclear energy research and development.

FUNCTION 300: NATURAL RESOURCES AND THE ENVIRONMENT FY2004 BUDGET RESOLUTION

This function includes funding for water resources, conservation and land management, recreation resources, and pollution control and abatement. Agencies with major program activities within the function include the Environmental Protection Agency (EPA), the Army Corps of Engineers, the National Oceanic and Atmospheric Administration (NOAA), the Forest Service (within the Department of Agriculture), and the Department of the Interior, including the National Park Service, the Fish and Wildlife Service, the U.S. Geological Survey, the Bureau of Land Management and the Bureau of Reclamation, among others.

CHAIRMAN'S MARK (\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	30.8	31.6	32.5	33.1	33.4	34.1	35.2	36.1	36.8	37.5	38.2
Outlays	28.9	30.8	31.6	32.8	33.0	33.5	34.6	35.4	36.1	36.8	37.6

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$29.3 billion in BA and \$29.0 billion in outlays for 2004. This represents an increase of \$89 million in BA or .3 percent and \$1.2 billion in outlays from the 2003 level. The Chairman's Mark includes the following specific assumptions:

- ▶ The Chairman's Mark assumes \$2.6 billion for wildland fire management. This is \$380 million above the President's request. This includes \$1.0 billion for fire suppression. The Committee feels that it is critical to fund the National Fire Plan at a realistic level that will allow the Forest Service and Department of Interior to pay for wildfire suppression, while maintaining its ongoing operations.

- ▶ The Chairman's Mark assumes \$900 million for the Land and Water Conservation Fund (LWCF), the same as the President's budget.
- ▶ The Chairman's Mark assumes \$8.3 billion for the Environmental Protection Agency. This is \$247 million or 3 percent over the 2003 enacted level. The committee did not accept the President's cut to the State and Tribal Assistance Grants, instead funding them at \$3.8 billion which is the same as the 2003 enacted level. Within the EPA there is \$1.4 billion for Superfund, which is \$125 million or 9.9 percent more than the 2003 enacted level. The Chairman's Mark also includes \$2.2 billion for environmental programs and management. This is \$122 million or 5.8 percent more than the 2003 enacted level.
- ▶ The Chairman's Mark assumes \$4.5 for the Corps of Engineers, the same as the 2003 level and \$546 million more than the President's request. It does not include the President's proposal to fund operations and maintenance and construction from the Inland Waterways Trust Fund or from the Harbor Maintenance Trust Fund.
- ▶ The Chairman's Mark supports an increase of \$60 million from the 2003 enacted level for the National Oceanic and Atmospheric Administration (NOAA). Within NOAA, the Committee place emphasis on the importance of the Pacific Coastal Salmon Recovery Program.
- ▶ The Chairman's Mark assumes that several programs from the Farm Security and Rural Investment Act of 2002 will be limited for a savings of \$265 million this year.
- ▶ The Chairman's Mark assumes that funding for the Watershed Rehabilitation and Restoration Fund will be limited for a savings of \$95 million this year.

Mandatory

- ▶ The Chairman's Mark assumes the President's proposal to make the Recreation Fee Demonstration Program permanent. This program allows the Forest Service and Department of Interior to collect entrance fees and use a portion of those fees without further appropriation for maintenance and other projects. Over 10 years, this program would have a net cost of \$803 million.
- ▶ The Chairman's Mark assumes an amendment to the Federal Land Transaction Facilitation. This proposal would allow the Bureau of Land Management (BLM) to use updated management plans to identify property suitable for disposal as well as allow a certain portion of receipts to be used by the BLM for restoration projects. It would cap receipt retention at \$100 million per year. The proposal costs \$86 million over 10 years.

- ▶ The Chairman's Mark assumes that the Conservation Security Program will be limited to \$2 billion over 10 years, saving \$1.8 billion over 10 years.
- ▶ The Chairman's Mark includes a reserve fund that will allow the Senate Committee on Energy and Natural Resources to use the receipts from exploration in the ANWR on the state side grant program of the LWCF. This reserve fund is conditional upon enactment of legislation on ANWR and is limited to \$250 million a year starting in 2006.

FUNCTION 350: AGRICULTURE FY2004 BUDGET RESOLUTION

This function includes funding for federal programs intended to promote the economic stability of agriculture through direct assistance and loans to food and fiber producers, provide regulatory, inspection and reporting services for agricultural markets, and promote research and education in agriculture and nutrition.

Farm income support programs operated by the Commodity Credit Corporation (CCC), and risk management programs under the Federal Crop Insurance Corporation (FCIC) make up most of the spending in this function.

CHAIRMAN'S MARK (\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	24.4	24.6	27.0	26.8	26.3	25.5	26.1	25.6	25.0	24.6	24.3
Outlays	23.4	23.7	25.8	25.6	25.1	24.4	25.1	24.7	24.2	23.8	23.5

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$5.2 billion in BA and \$5.6 billion in outlays for 2004. This represents a decrease of \$484 million in BA or 8.5 percent and \$263 million in outlays from the 2003 level. The Chairmans Mark includes the following specific assumptions:

- ▶ The Chairman's Mark assumes \$177 million for the Department of Agriculture's common computing environment. This is \$45 million more than the 2003 enacted level. This increase will help modernize the Department's computer system.
- ▶ The Chairman's Mark proposes modifying several mandatory agriculture programs that will provide savings of \$321 million in

2004 and \$1.1 billion over 10 years. This includes; \$240 million from the Initiative for Future Agriculture and Food Systems, and \$80 million from crop insurance modifications.

Mandatory

There are no mandatory changes to this function.

FUNCTION 370: COMMERCE AND HOUSING CREDIT

FY2004 BUDGET RESOLUTION

This function includes discretionary housing programs, such as subsidies for single and multifamily housing in rural areas and mortgage insurance provided by the Federal Housing Administration; net spending by the Postal Service; discretionary funding for commerce programs, such as international trade and exports, science and technology, the census, and small business; and mandatory spending for deposit insurance activities related to banks, thrifts, and credit unions.

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	5.2	7.2	8.2	5.7	5.4	5.1	4.7	4.2	3.8	3.6	3.3
Outlays	2.3	3.3	3.5	0.6	-0.6	-1.4	-1.8	-2.7	-3.7	-4.2	-4.5

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total -\$0.5 billion in BA and \$0.1 billion in outlays for 2004. This represents a decrease of \$0.6 billion in BA, but an increase of \$38 million in outlays from the 2003 level. The Chairman's Mark includes the following specific assumptions:

- ▶ The Chairman's Mark for 2004 reflects all the President's requested increases over 2003 (shown as percentage increase) for export control and enforcement (47 percent), the activities of the Census Bureau (20 percent), economic and statistical analysis (18 percent) and homeland security investments in the Department of Commerce (43 percent). The Chairman's Mark also assumes the President's request of \$842 million (18 percent increase) for the Securities and Exchange Commission to implement the corporate responsibility activities under the Sarbanes-Oxley bill.
- ▶ The President's budget proposes to eliminate the Advanced Technology Program (ATP), which would save \$0.7 billion over the next 10 years, as reflected in the Chairman's Mark. Venture capital funds have grown enormously since ATP was conceived more

than a decade ago. For example, in the first three quarters of 2002, venture-capital funds invested \$16.9 billion and still had another \$90 billion in reserves not yet invested, representing amounts that potentially could be invested in activities funded by ATP.

Mandatory

- ▶ The Chairman's Mark assumes the President's proposal to merge the deposit insurance funds for banks and thrifts – the Bank Insurance Fund and the Savings Association Insurance Fund. As the views and estimates letter from the Senate Banking Committee indicates, legislation is necessary to address some potentially destabilizing aspects of the current deposit insurance system. A merger would create a stronger, more diversified fund and eliminate the possibility of a premium disparity. According to CBO estimates, this proposal would be nearly budget neutral over the next 10 years.
- ▶ Because the Administration discovered that payments required of the Postal Service under current law will result in an overpayment for pension obligations, the President's budget proposed a significant reduction in the Postal Service's obligation. CBO estimated the President's proposal would increase the federal deficit by \$40 billion over the 2003-2013 period, even as it would allow Postal Service to charge lower postal rates than it would otherwise have to under current law. Because CBO, CRS, and GAO have all observed that the Postal Service has other long term unfunded liabilities and challenges and that the Congress should carefully consider forgoing the flexibility to address them, the Chairman's Mark assumes alternate legislation (similar to H.R. 735, ordered reported in the House). Such legislation would reduce the Postal Service payment for 2003-2005, but then would reinstate and redirect the payment to an escrow fund until Congress can enact subsequent law regarding how the Postal Service should address its retiree health liabilities and other concerns. This proposal would increase the deficit instead by \$7.3 billion over the 2003-2013 period. The budgetary effect on the Postal Service is reflected in this function, and the effect on the receipts of the CSRS fund are shown in function 950.

FUNCTION 400: TRANSPORTATION FY2004 BUDGET RESOLUTION

This function supports all major modes of transportation. Function 400 includes ground transportation programs, such as the federal-aid highway program, mass transit, motor carrier safety, and the National Rail Passenger Corporation (Amtrak); air transportation through the Federal Aviation Administration (FAA) airport improvement program, facilities and equipment program, Maritime Administration; the Transportation Security Administration (TSA); the Surface Transportation Board; the National Transportation Safety Board; and related transportation safety and support activities within the Department of Transportation.

CHAIRMAN'S MARK (\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	64.1	65.2	70.2	70.6	71.1	71.7	72.5	73.4	74.2	75.1	76.0
Outlays	67.9	69.4	68.2	67.9	68.4	69.1	69.9	70.8	71.8	72.8	73.9

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$23.2 billion in BA and \$67.2 billion in outlays for 2004. This represents an increase of \$594 million in BA or 3 percent increase and an increase of \$1.9 billion in outlays or 3 percent from the 2003 level.

- ▶ The Chairman's Mark includes an obligation limitation of \$32.1 billion for the Federal-Aid to Highways Program, a 10 percent increase from the President's FY03 request of \$29.3. The Chairman's Mark assumes the President's proposal to redirect all revenue from gasohol taxes from the General Fund of the Treasury to the Highway Trust Fund, thereby increasing trust fund receipts by over \$700 million per year. (Currently 2.5 cents per gallon of the gasohol tax is deposited into the General Fund of the Treasury).

- ▶ The Chairman's Mark includes the baseline level of budget authority for the Federal Transit Administration of \$8.2 billion, a 1 percent increase from the FY03 enacted level.
- ▶ The Chairman's Mark contains a mechanism to make available additional resources for highways contingent upon authorization of new government receipts.
- ▶ In FY03 the Essential Air Service was funded at \$102 million. The Chairman's Mark includes the CBO baseline of \$103 million for FY04, \$53 million above the President's request.
- ▶ For the Coast Guard, the Chairman's Mark assumes funding the President's request of \$6.1 billion, the same as the FY03 enacted level. Following September 11, much of the Coast Guard's resources were diverted to other areas of the government. This request would recapitalize much of the Coast Guard's budget which was diverted for more urgent needs.
- ▶ The Chairman's Mark assumes funding the President's request for NASA at \$993 million, a 20 percent increase from the enacted FY03 level.
- ▶ The Chairman's Mark includes \$1.1 billion for the Federal Rail Administration (FRA), including \$900 million for Amtrak in 2004, a \$160 million increase over the 10-year average. Of this amount, \$671 million is for operating costs, with the remaining \$229 million for maintenance, capital and infrastructure improvement.
- ▶ The Chairman's Mark includes an assumption for a reduction for the Transportation Security Administration of 9 percent. This reduction is due to a 3,000 FTE reduction, major reductions in the contracting for personnel, and increased efficiency since the creation of the agency.

Mandatory

- ▶ The President's proposal assumes additional contract authority, a form of mandatory budget authority, for certain highway, mass transit, and aviation program. Outlays from this contract authority are classified as discretionary because they are governed by annual obligation limitations contained in appropriations acts.

SBC MAJORITY HIGHWAY PROPOSAL									
\$206.5 billion in contract authority over 6 years, an average of \$34.4 billion per year									
In 2004, highway obligation limit is a 10% increase over President									
Retains link between receipts and spending									
Assumes 2.5 cent gasohol tax is deposited into the highway trust fund									
Doesn't bankrupt the highway trust fund									
	2003	2004	2005	2006	2007	2008	2009	2004-2009	
Highway obligation limit	31,593	32,137	32,453	32,453	32,453	32,453	32,453		
Beginning of Year - Trust Fund Balance	16,136	10,609	6,758	4,480	3,265	3,097	3,896		
Receipts	28,686	29,969	31,377	32,427	33,357	34,304	35,256	196,690	
2.5 cent gasohol proposal		694	712	729	747	765	783	4,430	
Outlays	34,213	34,514	34,367	34,371	34,272	34,270	34,308	206,102	
End of Year - Trust Fund Balance	10,609	6,758	4,480	3,265	3,097	3,896	5,627		
Highway contract authority		30,507	35,192	35,192	35,192	35,192	35,192	206,467	34,411

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

FY2004 BUDGET RESOLUTION

This function includes funding for community and regional development and disaster relief. The function includes the Appalachian Regional Commission (ARC), the Federal Emergency Management Agency (FEMA), the Economic Development Administration (EDA) within the Commerce Department, and portions of the Department of Housing and Urban Development (most notably the Community Development Block Grant program), the Bureau of Indian Affairs, and the Department of Agriculture.

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	12.3	14.1	14.1	14.3	14.5	14.7	15.0	15.2	15.5	15.8	16.0
Outlays	16.0	15.8	15.9	15.0	14.7	14.1	14.3	14.5	14.8	15.0	15.3

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$13.9 billion in BA and \$15.9 billion in outlays for 2004. This represents an increase of \$2.2 billion in BA and a decrease of \$0.1 billion in outlays from the 2003 level. The Chairman's Mark includes the following specific assumptions:

Federal Emergency Management Agency (FEMA)

- ▶ As part of the newly-formed Department of Homeland Security (DHS), what was once known as FEMA and all its activities will be managed by the Emergency Preparedness and Response Directorate within DHS.
- ▶ For the **Office of Domestic Preparedness** the Chairman's Mark adopts the President's proposal and assumes \$3.5 billion to ensure that first responders are properly trained and equipped. This includes \$500 million for assistance to firefighters, particularly for

terrorist preparedness. Still another \$500 million is included for state and local law enforcement anti-terrorism activities.

- ▶ The Chairman's Mark assumes \$3.2 billion for **Disaster Relief** activities. This level is consistent with the average cost of (non-terrorist) disaster events over the past five years. This includes \$2.0 billion in new money, as well as money left over from prior years. This \$2.0 billion in new money represents an increase of \$1.2 billion over the 2003 level.
- ▶ The Mark also incorporates the President's proposal for a new \$300 million **pre-disaster mitigation** program. This matches a proposal in the 2003 budget and replaces the existing formula-based program with competitive awards to ensure that the most worthwhile and most effective projects are funded.
- ▶ The Chairman's Mark also continues to support the protection of the public against flood damage by supporting the **Flood Map Modernization Fund**. The Mark includes \$200 million to update the inaccurate maps.

Other Programs

- ▶ For **Community Development Block Grants (CDBG)**, the Chairman's Mark matches the President's request by assuming \$4.7 billion in 2004. This is \$200 million below the final 2003 level. The President proposes to review this program and develop proposals to better incorporate poorer communities with poverty rates above the national average.
- ▶ For the **Bureau of Indian Affairs (BIA)**, the Chairman's Mark assumes \$1.1 billion which is an increase of \$21 million from 2003. The Mark also supports **Indian school construction** and provides \$346 million to improve academic performance at BIA schools and to eliminate the school maintenance and repair backlog.

Mandatory

The Chairman's Mark assumes no mandatory increases or decreases in this function.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES

FY2004 BUDGET RESOLUTION

This function includes those activities designed to promote education, to provide social services for needy individuals, and to conduct research directly related to these program areas. In general, the activities funded by this function are administered through the Departments of Labor, Health and Human Services, and Education.

CHAIRMAN'S MARK (\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	83.0	89.1	89.1	92.5	95.6	99.0	101.9	103.7	105.8	108.2	109.8
Outlays	81.5	85.0	85.8	88.7	91.7	94.8	98.1	100.9	103.2	105.2	107.3

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$78.5 billion in BA and \$75.1 billion in outlays for 2004. This represents an increase of \$5.6 billion (7.7 percent) in BA and \$3.2 (4.4 percent) billion in outlays from the 2003 level. The Chairman's Mark includes the following specific assumptions:

Department of Education

- ▶ For Title I Grants to Local Education Agencies, the Chairman's Mark assumes a \$1 billion increase, bringing funding to \$12.684 billion for academic year 04-05. This represents an 8.6 percent increase over the previous year.
- ▶ For the Individuals with Disabilities Education Act (IDEA), the Chairman's Mark assumes a \$1 billion increase for Part B Grants to States. Additionally, if a reauthorization bill is enacted that authorizes additional funds, the Chairman may make up to a \$205 million cap adjustment to provide additional IDEA Part B funding. These increases bring total Part B funding to 20 percent of

average per pupil expenditures - the highest level ever and halfway to the authorized full funding level.

- ▶ The Chairman's Mark does not accept the President's reduction for Impact Aid, which is instead level funded.
- ▶ For Pell Grants, the Chairman's Mark assumes a \$1.3 billion increase which matches the President's request of \$12.7 billion. The budget supports the \$4,050 maximum award and will continue to work toward eliminating the Pell Grant shortfall.
- ▶ Consistent with the President's request, the Chairman's Mark assumes that 45 programs that have achieved their purpose, duplicate other programs, or are more appropriately supported by State, local, or private resources are terminated in order to free resources for other more effective, higher priority programs.

Department of Health and Human Services (HHS)

- ▶ The Chairman's Mark fully funds the President's request of \$6.8 billion for Head Start, which would remain in HHS.

Department of Labor

- ▶ The Chairman's Mark incorporates the President proposals for reauthorization of the Workforce Investment Act. These reforms include consolidating the Adult, Dislocated Worker and Employment Services grants.

Mandatory

- ▶ Almost all agencies that administer federal programs receive an annual discretionary appropriation to fund their operations. The Department of Education is a rare exception - with a permanent mandatory appropriation to fund administrative expenses of the Federal Direct Student Loan Program. The Chairman's Mark, consistent with the President's proposal, assumes shifting the \$795 million in mandatory spending for these administrative expenses (Sec. 458) to an annual discretionary appropriation. These discretionary funds are included in the Student Aid Administration account (\$947 million), which will centralize student aid program administrative funds. Combining the multiple appropriations and subsidy accounts in conjunction with the Administration's activity-based budget formulation process for the unified account will improve program accountability and integrity.
- ▶ An additional \$275 million for the Social Services Block Grant is assumed in fiscal year 2003 and an additional \$1.1 billion is assumed in 2004 as called for by the CARE Act.

FUNCTION 550: HEALTH FY2004 BUDGET RESOLUTION

This function covers all federal spending on health except that for Medicare, military health, and veterans health. The major programs include Medicaid, the State Children's Health Insurance Program (S-CHIP), health benefits for federal retirees, the Food and Drug Administration, the Health Resources and Services Administration, the Indian Health Service, the Centers for Disease Control and Prevention, the National Institutes of Health, the Substance Abuse and Mental Health Services Administration, and the Occupational Safety and Health Administration.

CHAIRMAN'S MARK (\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	222.9	240.6	260.2	279.5	299.7	322.2	345.6	370.7	396.8	415.8	445.6
Outlays	217.9	239.2	260.0	279.2	298.6	320.7	344.1	369.1	395.3	414.4	444.1

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$49.6 billion in BA and \$47.8 billion in outlays for 2004. This represents an increase of \$152 million in BA and \$3.393 billion in outlays from the 2003 level. The Chairman's mark includes the following specific assumptions:

- ▶ The Omnibus Appropriations Bill of 2003 completed the planned five-year doubling of the NIH budget from \$13.7 billion in 1998 to \$27.1 billion in 2003. The Chairman's Mark includes an additional increase in 2004, bringing total NIH funding to \$27.9 billion in BA and \$26.6 billion in outlays in 2004. As a result of converting approximately \$1.4 billion from one-time non-recurring costs in 2003 for facilities construction and anthrax vaccine procurement, NIH research programs and support will have a increase of over \$1.9 billion or 7.5 percent in 2004.

- ▶ The Chairman's Mark includes \$1.1 billion for bioterrorism preparedness in 2004. CDC will direct \$940 million of this to improving state and local preparedness, \$158 million to improve CDC's internal preparedness and response functions, and \$18 million will continue to be directed to anthrax research.

Mandatory

- ▶ The Chairman's Mark assumes a reserve fund for Medicaid and SCHIP reform to provide flexibility to the states for innovation and expansion of coverage. The fund is based on the Administration's proposal for a new Medicaid and SCHIP program option, under which states may take their Medicaid and SCHIP funding in a single federal payment. This initiative builds on a successful demonstration proposal developed by the Administration which will enhance state flexibility and promote innovation. The purpose of this proposal is to provide states with access to increased funds to create innovative programs to cover their uninsured population.
- ▶ The Chairman's Mark includes a reserve fund for the Finance Committee to report legislation to extend the availability of expiring SCHIP funds and restore availability to 1998 and 1999 previously expired funds. According to CBO estimates, approximately \$1.26 billion in SCHIP funds reverted to the Treasury on October 1, 2002 and \$1.35 billion will return to the Treasury at the end of 2003. This legislation would provide \$1.825 billion in BA and \$975 million on outlays over ten years to the states to ease some of the financial strain they face as well as to cover more children under their SCHIP programs.
- ▶ The Chairman's Mark includes a \$50 billion reserve fund for the Finance Committee to report legislation, which would assist the 41 million uninsured Americans in gaining access to quality, affordable health insurance.
- ▶ The Chairman's Mark includes a reserve fund for the HELP Committee for the creation of a comprehensive effort to develop effective countermeasures against biological and other dangerous agents. This cooperative effort will be a joint activity of the new Department of Homeland Security and the Department of Health and Human Services through CDC, FDA, NIH, and other agencies. Over the next 10 years, almost \$6 billion will be available to purchase new countermeasures for smallpox, anthrax, and botulism toxin. Additional funds will be available to produce and purchase countermeasures for other dangerous agents, such as Ebola and plague, once safe and effective treatments are developed.

FUNCTION 570: MEDICARE FY2004 BUDGET RESOLUTION

This function includes only the Medicare program which serves 41 million eligible individuals. Medicare pays for medical services for people age 65 and older and people under age 65 who are disabled or suffer from end-stage renal disease. Medicare is administered by the Center for Medicare and Medicaid Services (CMS), part of the Department of Health and Human Services.

CHAIRMAN'S MARK (\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	248.6	265.2	282.9	322.0	344.2	369.6	395.7	422.7	453.7	488.4	527.0
Outlays	248.4	265.4	285.8	318.8	344.4	369.5	395.4	422.9	457.1	484.5	527.2

Mandatory

- ▶ The Chairman's Mark assumes the President's proposal to provide additional Medicare money to improve access to prescription drugs for all beneficiaries and strengthen and modernize the program. This funding is included in a reserve fund which contains up to \$400 billion for the period of fiscal years 2004 through 2013.

FUNCTION 600: INCOME SECURITY

FY2004 BUDGET RESOLUTION

Function 600, Income Security, contains: 1) major cash and in-kind means-tested entitlements; 2) general retirement, disability and pension programs excluding Social Security and Veteran's compensation programs; 3) federal and military retirement programs; 4) unemployment compensation; 5) low-income housing programs; and 6) other low-income support programs. Mandatory programs account for 86 percent of total spending in this function.

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	326.4	319.5	333.8	341.8	349.2	362.0	373.6	385.1	400.5	404.0	418.9
Outlays	334.2	324.7	337.2	344.3	351.0	363.1	374.4	385.6	401.0	404.4	419.5

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$45.7 billion in BA and \$51.5 billion in outlays for 2004. This represents an increase of \$1.7 billion in BA and \$763 million in outlays from the 2003 level. The Chairman's Mark includes the following specific assumptions:

- ▶ The Chairman's Mark includes an additional \$9 million for the Employee Benefit Security Administration (formerly PWBA) for pension protection and employer education, an increase of 7.5 percent over the March baseline.
- ▶ The Chairman's Mark incorporates the administration's plan to change the Federal Employee Compensation Act (FECA) benefit structure and shift the funding stream from the Labor Department to individual agencies. These changes will save taxpayers approximately \$80 million over ten years.

- ▶ The Chairman's Mark incorporates a debt restructuring and interest refinancing plan for the Black Lung Trust Fund. These changes are expected to shore up the program's long term solvency.
- ▶ The Chairman's Mark increases funding for the Women's Infant and Children (WIC) program by \$73 million, or 1.6 percent over 2003.
- ▶ The Chairman's Mark includes the President's proposal for food and nutrition funding totaling \$41.7 billion for 2004.
- ▶ The Chairman's Mark recognizes that legislation to reauthorize the Personal Responsibility and Work Act is likely this year and therefore assumes an increase above the President's request for the Child Care Development Block Grant. The Mark assumes an increase for 2004 of \$214 million over the 2003 level, a 10.2 percent increase.
- ▶ The Chairman's Mark includes the President's proposal to eliminate a discretionary limit on administrative expenditures for the Pension Benefit Guarantee Corporation.
- ▶ Under the Chairman's Mark, sufficient budget authority is provided to renew all utilized section 8 housing contracts as contemplated in the 2003 Omnibus appropriations bill.

Mandatory

- ▶ The Chairman's Mark assumes an increase of \$200 million annually (or 7.4 percent) over the baseline in the Child Care Entitlement to States. This request recognizes the importance of providing child care to low-income families.
- ▶ The Chairman's Mark also assumes aspects of the President's proposal to enhance Child Support Enforcement collections. Child Support Enforcement efforts will increase collections and direct more of the support collected to children and families.
- ▶ In addition, the Chairman's Mark assumes the President's Foster Care and Adoption Assistance proposal, providing States with increased flexibility to better design their child welfare system that supports services to families in crisis and children at risk.

FUNCTION 650: SOCIAL SECURITY

FY2004 BUDGET RESOLUTION

Social Security is the largest spending program in the budget, with outlays of \$460 billion in 2002. Benefits are paid from the Social Security trust funds and financed by payroll taxes. For purposes of the Budget Enforcement Act, the Social Security trust funds are off-budget and do not count toward deficit or surplus projections. However, the administrative expenses of the Social Security Administration are within the caps on overall discretionary spending.

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	478.9	501.1	521.5	546.7	575.0	606.1	641.1	679.3	720.5	766.1	816.2
Outlays	476.9	498.7	518.7	543.6	571.6	602.3	637.0	674.9	715.6	760.8	810.4

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$4.3 billion in BA and \$4.2 billion in outlays for 2004. This represents an increase of 10% or \$400 million in BA and \$400 million in outlays from the 2003 level.

Mandatory

The Chairman's Mark assumes no mandatory increases or decreases in this function.

FUNCTION 700: VETERANS BENEFITS AND SERVICES

FY2004 BUDGET RESOLUTION

This function includes all programs directed toward veterans of the armed forces and the family members of living veterans and survivors of deceased veterans. Income security needs of disabled veterans, indigent veterans, and survivors are addressed through compensation benefits, pensions, and life insurance programs. Major education, training, and rehabilitation and readjustment programs include the Montgomery GI Bill, the Veterans Educational Assistance Program, and the Vocational Rehabilitation and Counseling program. Veterans are also able to receive guarantees on home loans. Roughly half of all spending on veterans is for the Veterans Health Administration.

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	57.6	62.0	67.1	65.4	63.9	67.6	69.3	71.0	75.6	72.6	77.4
Outlays	57.5	61.6	66.4	65.0	63.4	67.4	68.9	70.6	75.2	72.1	77.0

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$28.2 billion in BA and \$28 billion in outlays for 2004. This represents an increase of 6.4% or \$1.7 billion in BA and \$1.1 billion in outlays from the 2003 level. The Chairman's Mark adopts several of the President's proposals to refocus resources to benefit higher priority veterans:

- ▶ The Chairman's Mark proposes the President's level of total net funding for **The Department of Veterans Affairs (VA) medical programs** of \$27.2 billion. This is a increase of 7.5 percent, or \$1.9 billion, over the 2003 enacted level, and the second largest increase for medical care in the last 5 years. This increase will help the VA in its mission to provide medical care to its core constituency – low-income and service-connected disabled veterans.

- ▶ The Mark assumes the enactment of legislation to establish the President's proposed \$250 enrollment fee for priority level 7 and 8 veterans. Priority 7 and 8 veterans have ailments that are not service connected and have a higher income than other veterans using the VA hospitals. The enrollment fee would bring in off setting receipts of \$102 million into the **Medical Care Collections Fund (MCCF)**.
- ▶ The Chairman's Mark assumes legislation will be enacted to increase the insurance and prescription drug co-payments for Priority 7 and 8 veterans to \$20 and \$15, respectively, as proposed by the President. In addition, the budget includes the President's proposal to eliminate both the insurance and prescription drug co-payment for priority level 2 through 5 veterans. These changes in the prescription drug and insurance co-payments will bring in off setting receipts of \$224 million into MCCF.

Mandatory

- ▶ The Chairman's Mark includes in the baseline a 2 percent cost-of-living adjustment for **Compensation and Pension** benefits. After the adjustment, total mandatory spending is projected to be \$33.8 billion in 2004, an increase of 8.9 percent or \$2.8 billion over the 2003 enacted level. Mandatory spending includes funding for Veterans Compensation, Pensions, insurance funds and readjustment programs. An average of 2.5 million veterans and 0.3 million survivors receive disability Compensation or Pension benefits.
- ▶ The Chairman's Mark assumes the President's proposal to enact legislation to restore the original interpretation of section 1110 of title 38 U.S. Code will be enacted. Section 1110 prohibits compensation for alcohol or drug abuse which arises secondarily from a service connected disability. In February 2001, the U.S. Court of Appeals decided that section 1110 did not preclude compensation for alcohol or drug abuse arising secondarily from a service connected disability. If this legislation were enacted, it would save \$71 million over ten years.

FUNCTION 750: ADMINISTRATION OF JUSTICE

FY2004 BUDGET RESOLUTION

This function funds the federal law enforcement activities of three agencies, the Department of Justice, the Department of Homeland Security, and the Treasury Department. Their law enforcement activities include criminal investigations by the Federal Bureau of Investigation and the Drug Enforcement Agency, as well as border enforcement and the control of illegal immigration by the Customs Service and by the Immigration and Naturalization Service. Among other program activities, the Administration of Justice function includes (1) civil rights enforcement and prosecution, (2) federal block, categorical, and formula grant programs, (3) prison construction and operation, (4) United States Attorneys, and (5) the federal Judiciary.

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	38.5	37.6	37.9	38.0	38.4	39.5	40.5	41.6	42.9	44.2	45.6
Outlays	37.7	40.8	39.2	38.3	38.2	39.1	40.2	41.3	42.5	43.7	45.1

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$33.9 billion in BA and \$37.6 billion in outlays for 2004. This represents a decrease of \$2.2 billion in BA and an increase of \$2.1 billion in outlays from the 2003 level. The Chairman's Mark includes the following specific assumptions:

Department of Homeland Security (DHS)

- ▶ In order to better secure our nation's borders and enforce our immigration laws, the DHS will create two operating agencies by merging four existing organizations. They are: the U.S. Customs Service, the Agricultural Quarantine and Inspection Program (AQI), and the Immigration and Naturalization Services's Inspection program and Border Patrol.

- ▶ The **Bureau of Customs and Border Protection** will consist of primarily of Border Patrol officers and inspectors from INS, Customs, and AQI and the main focus will be border security. The Chairman's Mark assumes \$5.6 billion in discretionary funds in 2004 for these activities, an increase of \$800 million or 16.7 percent over 2003.
- ▶ The **Bureau of Immigration and Customs Enforcement** will be made up of investigative and other enforcement personnel from the Customs Service, INS, and the Federal Protective Service and their focus will be the enforcement of immigration and customs laws. For 2004, the Mark assumes \$1.4 billion in discretionary funds, an increase of \$300 million or 26 percent over 2003.

Department of Justice (DOJ)

- ▶ For the **Federal Bureau of Investigation (FBI)** the Chairman's Mark assumes a total of \$4.1 billion, an increase of \$397 million or 10.6 percent from 2003. This increase would be primarily used for intelligence analysts, surveillance personnel, and field investigators, including cybercrime investigators, as well as to support FBI-led interagency task forces.
- ▶ **State and Local Assistance Programs:** The Chairman's Mark assumes the President's proposal to reduce this account by \$1.3 billion or 63 percent. This continues the shift in priorities and funding for the DOJ. In 2003 the President cited a strong desire to reduce the amount of project earmarking created by many of the grant programs run by the DOJ under the state and local assistance category. Once again, the President proposes the elimination of many grant programs including the Byrne grants and the local law enforcement block grants. In their place, the President continues to fund the **Justice Assistance Grants** at \$600 million with the hope that the funds will be awarded on a more competitive basis with a strong emphasis on performance accountability.
- ▶ The Mark also assumes \$500 million for the Office of Domestic Preparedness to be used exclusively for grants to local law enforcement agencies to combat terrorism.

Mandatory

- ▶ The Chairman's Mark assumes two mandatory proposals in the President's budget concerning the extension of expiring Customs user fees. The Mark also assumes that the fees would be spent in the same year they were collected. If extended, the resulting savings would be \$1.4 billion in 2004 and \$8.0 billion through 2008.

FUNCTION 800: GENERAL GOVERNMENT

FY2004 BUDGET RESOLUTION

This function includes the fiscal operations of the Department of Treasury (including the IRS's tax collection activities), the Legislative Branch, the Executive Office of the President, personnel and property management, and general purpose fiscal assistance to states, localities and U.S. territories.

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	18.2	20.0	20.3	22.4	21.1	21.6	22.0	22.7	23.5	24.3	25.1
Outlays	18.1	19.9	20.4	22.2	20.9	21.4	21.5	22.2	23.0	23.9	24.6

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total \$17.1 billion in BA and \$16.8 billion in outlays for 2004. This represents an increase of \$1.4 billion in BA and \$1.2 billion in outlays from the 2003 level. The Chairman's Mark includes the following specific assumptions:

- ▶ The Chairman's Mark allocates \$10.4 billion for the **Internal Revenue Service (IRS)**, an increase of \$550 million or almost 6% from 2003. Of that increase, 50 percent is directed into Tax Law Enforcement (TLE), 23 percent toward Processing Assistance and Management (PAM), and 19 percent for reducing fraud in the Earned Income Tax Credit (EITC) program. In comparison to historical funding levels, this budget exceeds the compound annual growth rate from 1990-2004 by 1.3 percentage points. Adopting the President's proposal reflects a real commitment to funding a range of compliance initiatives including ensuring fair compliance among upper income and business taxpayers as well as reducing erroneous EITC payments. The funding provided by this Mark translates into an additional 2,350 full-time equivalents (FTEs).
- ▶ The Chairman's Mark provides sufficient funding in 2004 for either a 2.5% pay increase for civilian employees (almost a full

percentage point above Q3/Q3 inflation) or the President's proposal to provide a 2.0 percent pay increase for civilian employees and establish a Human Capital Performance Fund at the **Office of Personnel Management**. The President's proposal would provide \$500 million to award additional pay to federal employees based on their performance. The new approach will complement the existing General Schedule (GS) system. Performance-based awards would be counted for retirement and other benefit calculations.

- ▶ The Chairman's Mark allocates \$223 million for payments in lieu of taxes for 2004, \$23 million more than the President's request. Over the next decade, this translates into an additional \$300 million above the President's request. These payments compensate municipal governments for forgone revenues stemming from the presence of the federal government.
- ▶ The Chairman's Mark increases Homeland Security funding within Function 800 by \$214 million in 2004. The additional funds are dedicated to developing the site plan for the new headquarters, converting wireless radio communication to narrowband operations and bolstering security at Federal Buildings.

Mandatory

- ▶ Under the President's proposal to open ANWR for oil and gas leasing (the total federal receipts portion appears in Function 950-Offsetting Receipts), the State of Alaska would receive one-half of the proceeds, or \$1.7 billion in 2006. This payment is reflected in the chairman's mark in Function 800.
- ▶ In their examination of selected government programs, OMB determined through the Performance Assessment Rating Tool (PART) that IRS collection efforts do not efficiently utilize its available resources. In response, the President proposes legislation that would permit the IRS to enlist the help of private collection agencies to obtain payment from delinquent taxpayers. The Chairman's Mark includes \$226 million to fund this proposal within the current budget window.
- ▶ The Mark assumes that President's \$386 million Financial Agent Services proposal is enacted. Currently, financial institutions that operate major collection and payment programs on behalf of the federal government are reimbursed via compensating balances. The President's proposal would instead replace the existing barter arrangement with a more transparent fee for service agreement.

FUNCTION 920: ALLOWANCES FY2004 BUDGET RESOLUTION

Function 920, Allowances, usually displays the budgetary effects of proposals that cannot be easily distributed across or that affect multiple budget functions. In past years, Function 920 has included total savings or costs from proposals associated with emergency spending or proposals contingent on certain events that have uncertain chances of occurring.

CHAIRMAN'S MARK (\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	0.0	-2.1	-2.1	-2.0	-1.9	-2.0	-7.6	-12.7	-17.8	-23.4	-28.0
Outlays	0.0	-2.0	-2.1	-2.0	-2.0	-2.1	-5.2	-9.7	-14.6	-19.8	-24.8

Discretionary

The Chairman's Mark assumes discretionary spending in this function would total -\$2.1 billion in BA and -\$2.0 billion in outlays for 2004. The Chairman's Mark includes the following specific assumptions:

- ▶ Currently there is an overcompensation of baseline budgetary resources for pay raise-related costs. Due to a requirement contained in the Balanced Budget and Emergency Deficit Control Act, as amended, the Congressional Budget Office is required to annualize pay raises. This requirement was originally intended to compensate for temporary, three-month pay delays; if the current year appropriation was only going to include budget authority (BA) for 3 quarters of the pay raise, an extra quarter's worth of pay-related BA had to be added to the inflated level, in order to provide a constant level of services. Such an adjustment is no longer necessary because the date that pay raises take effect is now permanently set in law as the first pay period in January. As a result, by adding an extra quarter's worth of pay-related BA, the baseline now overstates the cost of providing a constant level of services.

The Chairman's Mark assumes removal of the effects of pay annualization, which reduces discretionary BA by about \$2 billion annually.

- ▶ Because the President did not submit a budget request covering the 2009-2013 period, CBO prepared an illustrative scenario for discretionary spending based on the last year of the President's request – 2008. Future Congresses and Presidents could choose among many alternate paths for defense and nondefense discretionary spending in those years. The Chairman's Mark assumes one of many such alternate growth scenarios for discretionary spending, with the defense path reflected in function 050 and all the nondefense effects aggregated in this function.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

FY2004 BUDGET RESOLUTION

This function records offsetting receipts (receipts, not federal revenues or taxes, that the budget shows as offsets to spending programs) that are too large to record in other budget functions. Such receipts are either intrabudgetary (a payment from one federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some type of business transaction with the government). The main types of receipts recorded as “undistributed” in this function are: the payments federal agencies make to retirement trust funds for their employees, payments made by companies for the right to explore and produce oil and gas on the Outer Continental Shelf, and payments by those who bid for the right to buy or use the public property or resources, such as the electromagnetic spectrum.

CHAIRMAN’S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Budget Authority	-50.5	-52.9	-63.4	-69.4	-61.3	-65.2	-66.9	-69.9	-73.3	-78.6	-82.1
Outlays	-50.5	-52.9	-63.4	-69.4	-61.3	-65.2	-66.9	-69.9	-73.3	-78.6	-82.1

Mandatory

- ▶ The Chairman’s Mark instructs the Senate Committee on Energy and Natural Resources to decrease outlays by \$2.15 billion over the 2004-2013 period. The policy should be consistent with opening up the 1002 area of the Arctic National Wildlife Refuge for oil exploration and production in order to decrease our dependence on foreign oil.
- ▶ Because the Administration discovered that payments required of the Postal Service under current law will result in an overpayment for pension obligations, the President’s budget proposed a significant reduction in the Postal Service’s obligation. CBO estimated

the President's proposal would increase the federal deficit by \$40 billion over the 2003-2013 period, even as it would allow Postal Service to charge lower postal rates than it would otherwise have to under current law. Because CBO, CRS, and GAO have all observed that the Postal Service has other long term unfunded liabilities and challenges and that the Congress should carefully consider forgoing the flexibility to address them, the Chairman's Mark assumes alternate legislation (similar to H.R. 735, ordered reported in the House). Such legislation would reduce the Postal Service payment for 2003-2005, but then would reinstate and redirect the payment to an escrow fund until Congress can enact subsequent law regarding how the Postal Service should address its retiree health liabilities and other concerns. This proposal would increase the deficit instead by \$7.3 billion over the 2003-2013 period. The budgetary effect on the Postal Service is reflected in function 370, and the effect on the receipts of the CSRS fund are shown in this function.

- ▶ The Chairman's Mark assumes the President's proposal to extend the authority of the Federal Communications Commission to auction spectrum, which would otherwise expire at the end of 2007.

REVENUES

FY2004 BUDGET RESOLUTION

Federal revenues are taxes and other collections from the public that result from the government's sovereign or governmental powers. Federal revenues include individual income taxes, corporate income taxes, social insurance taxes, excise taxes, estate and gift taxes, custom duties and miscellaneous receipts (which include deposits of earnings by the Federal Reserve System, fines, penalties, fees for regulatory services, and others).

Under current law, federal tax collections are projected to total \$27.9 trillion over the next ten years. This year, total revenues are projected to be 17.6 percent of GDP, just slightly below the post World War II average level of 17.9 percent. Over the projection period 2004-2013, under current law, total revenues are projected to average 19.2 percent of GDP, far above historical averages for any time period, including times of war.

CHAIRMAN'S MARK

(\$ Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues	1854.9	1908.6	2106.9	2282.2	2445.2	2590.8	2741.9	2892.8	3034.5	3200.8	3379.3

The Chairman's Mark assumes revenue reductions sufficient to accommodate President Bush's **jobs and growth tax relief plan**. This pro-growth, pro-family and pro-jobs plan provides tax relief of \$423 billion over the next six years and \$698 billion over the next eleven years. The President's plan includes three main components: tax relief for working families (by speeding up individual income tax marginal rate reductions already in law, accelerating marriage penalty relief already in law, increasing the child credit immediately to \$1,000, and increasing the AMT exemption amount), elimination of the double taxation of dividends, and a permanent increase in small business expensing. Since the child credit is partially refundable, the Chairman's Mark assumes outlay increases sufficient to accommodate the President's growth plan – \$21.8 billion in new spending over the next six years and \$27.5 billion in new spending over the next eleven years (reflected in function 600).

The revenue foregone by enacting the President's jobs and growth plan should be considered a cost-effective investment for both short-term stimulus and the long-term health of our economy. The revenue loss from the plan assumed in the Chairman's Mark does not take into account the favorable effects of the proposed tax relief on GDP and taxable income; these favorable effects will result in more economic growth and more taxable income than is projected under the baseline.

The Chairman's Mark reconciles the Finance Committee for a reduction in revenues and an increase in outlays consistent with the President's jobs and growth plan. The Finance Committee is instructed to report legislation to reduce revenues by \$698.294 billion over 2003-2013 and to increase direct spending by \$27.476 billion over 2003-2013.

The Chairman's Mark assumes, but does not reconcile, the permanent extension of the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) which are currently scheduled to expire after 2010. The eleven year tax relief assumption for the EGTRRA extensions is \$601.9 billion, with \$592.6 billion of the revenue loss (98 percent) occurring in years 2011-2013. The permanent extension of the EGTRRA provisions also results in an increase in direct spending of \$22.3 billion over eleven years. This amount is reflected in the function 600 assumptions.

The Chairman's Mark also assumes about \$16 billion in tax relief over eleven years from provisions which are expected to be reported by the Finance Committee as part of energy policy legislation. The Mark assumes the revenue impact of S. 476, the Care Act of 2003, and S. 351, the Armed Forces Tax Fairness Act of 2003, which have been reported by the Finance Committee, as well as medical malpractice reform (as in H.R. 4600 from the 107th Congress) and mental health parity (as in S. 543 from the 107th Congress). Finally, the Chairman's Mark assumes \$3.3 billion over eleven years from revenue offsets (for improving tax administration) recommended by the President.

There are a host of other tax relief provisions that have been recommended by the President, as well as many proposals that have been discussed in Congress. The Chairman's Mark does not preclude action on any of these proposals. The tax-writing committees may choose to work any number of proposals into the tax relief assumptions contained in the Chairman's Mark, either by following different policies than assumed in the Mark or by proposing additional offsets to tax relief measures.

Reconciliation

The Chairman's Mark reconciles the Finance Committee for a reduction in revenues and an increase in outlays consistent with the President's jobs and growth plan. The Finance Committee is instructed to report legislation to reduce revenues by \$698.294 billion over 2003-2013 and to increase direct spending by \$27.476 billion over 2003-2013.

The Chairman's Mark instructs the Senate Committee on Energy and Natural Resources to report legislation which decrease outlays by \$2.15 billion over the 2004-2013 period. The reconciled savings are consistent with opening up the 1002 area of the Arctic National Wildlife Refuge for oil exploration and production in order to decrease our dependence on foreign oil.

TITLE II: ENFORCEMENT

Subtitle A: General Enforcement

Section 201: Extension of supermajority enforcement

This section of the Chairman's Mark provides extends the 60-vote requirement for waivers and appeals with respect to those Budget Act points of order for which this requirement expired on September 30, 2002 (and was temporarily extended through April 15, 2003 in S. Res. 304, 106th Congress) for 5 years (until September 30, 2008).

Section 202: Discretionary spending limits in the Senate

The Chairman's Mark sets out congressional discretionary spending limits for the first two years covered by the budget resolution (FY 2004 and 2005) with respect to both budget authority and outlays. It also sets limits for FY 2003 because no FY 2003 budget resolution was ever adopted. Since the advent of statutory discretionary spending limits in 1990 a majority of budget resolution conference reports have included language dealing with "congressional caps"¹.

The Chairman's Mark provides that the following amounts will be the discretionary spending limits:

For fiscal year 2003: \$764.360 billion in new budget authority and \$766.867 billion in outlays for the discretionary category; \$31.264 billion in outlays for the highway category, and \$1.436 billion in new budget authority and \$6.551 billion in outlays for the transit category, for a total of \$765.796 billion in new budget authority and \$804.682 billion in outlays.

¹See: section 12(b) of H. Con. Res. 64 (103rd Cong.) the FY 1994 Concurrent Resolution on the Budget; section 24 of H. Con. Res. 218 (103rd Cong.) the FY 1995 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 67 (104th Cong.) the FY 1996 Concurrent Resolution on the Budget; Section 301 of H. Con. Res. 178 (104th Cong.) the FY 1997 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 84 (105th Cong.) the FY 1998 Concurrent Resolution on the Budget (all establishing multiyear caps); Section 206 of H. Con. Res. 290 (106th Cong.) the FY 2001 Concurrent Resolution on the Budget; Section 203 of H. Con. Res. 83 (107th Cong.) the FY 2002 Concurrent Resolution on the Budget (both providing a mechanism to accommodate an increase to the current year's statutory cap).

For fiscal year 2004: \$782.794 billion in new budget authority and \$795.542 billion in outlays for the discretionary category; \$31.095 billion in outlays for the highway category, and \$1.461 billion in new budget authority and \$6.634 billion in outlays for the transit category, for a total of \$784.255 billion in new budget authority and \$833.271 billion in outlays.

For fiscal year 2005: \$813.322 billion in new budget authority and \$811.174 billion in outlays for the discretionary category; \$32.034 billion in outlays for the highway category, and \$1.488 billion in new budget authority and \$6.726 billion in outlays for the transit category, for a total of \$814.810 billion in new budget authority and \$849.934 billion in outlays.

The Chairman's Mark also provides for a number of so-called cap adjustments. The cap adjustments permit the Chairman of the Committee on the Budget to increase the spending limit, the section 302(a) allocation to the Committee on Appropriations, and any other appropriate levels in the resolution if an appropriations bill provides additional resources for the programs specified in the adjustment. The Mark provides that spending and allocations may be adjusted for: (1) emergency spending, (2) funding for Part B grants under the Individuals with Disabilities Education Act (IDEA) and (3) highway programs.

These discretionary spending limits are enforced by a 60-vote point of order on two fronts: (1) there will be a point of order against the FY 2005 budget resolution if it exceeds the limits set in this resolution (or against any revision to the FY 2004 resolution which does so) and (2) there will be a point of order against any appropriations bill that causes the discretionary limits to be exceeded .

Section 203: Restriction on advance appropriations in the Senate

The Chairman's Mark once again includes language limiting the use of advance appropriations. This restriction was first included in the FY 2001 budget resolution and was included and revised in the FY 2002 resolution as well. The Chairman's Mark continues to limit advance appropriations to an annual limit of \$23.158 billion with respect to both the FY 2004 and 2005 appropriations bills and to those programs which are listed in the statement of managers accompanying the conference report on the budget resolution. The Mark also continues the exception for advances with respect to the Corporation for Public Broadcasting.

The list of permissible advances is as follows:

Accounts Identified for Advance Appropriations

Interior

Elk Hills

Labor, HHS

Employment and Training Administration

Education for the Disadvantaged

School Improvement

Children and Family Services (Head Start)

Special Education

Vocational and Adult Education

Treasury, Postal

Payment to Postal Service

Veterans', HUD

Section 8 Renewals

Section 204: Emergency Legislation

With respect to emergency spending, the Chairman's Mark addresses two issues: the ability to designate spending as an emergency and the restatement of the Senate point of order with respect to the use of that designation.

The authority to designate spending as an "emergency" existed as a part of the statutory discretionary spending limits and the pay-as-you-go rules set out in sections 251 and 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. The purpose of the designation was to create a "safety valve" for unexpected, emergency expenditures with respect to the sequestration mechanism which served as the underlying enforcement mechanism for the caps and PAYGO. With the expiration of section 251 on September 30, 2002 and the de facto expiration of section 252 by virtue of setting the scorecard to zero for all fiscal years, the Chairman's Mark reestablishes

the authority of Congress to designate spending and revenue changes as an emergency. In doing so, the Mark codifies the criteria used in the definition of an emergency and requires committee reports and statements of managers to justify the use of emergency designations vis a vis these criteria. The criteria are as follows:

An expenditure may be designated an emergency if it is –

- (i) necessary, essential, or vital (not merely useful or beneficial);
- (ii) sudden, quickly coming into being, and not building up over time;
- (iii) an urgent, pressing, and compelling need requiring immediate action;
- (iv) unforeseen (see below), unpredictable, and unanticipated;

note: an emergency that is part of an aggregate level of anticipated emergencies, particularly when normally estimated in advance, is not unforeseen.

If an item of discretionary spending is accompanied by an emergency designation then the discretionary spending limit and the allocation to the Committee on Appropriations will be adjusted accordingly (as well as all other appropriate levels in the resolution). If a revenue reduction or mandatory spending increase is accompanied by an emergency designation, then the committee allocation and the Senate's pay-go scorecard will be adjusted accordingly (again, as well as all other appropriate levels in the resolution).

The Chairman's Mark also revises the Senate's emergency designation point of order. This point of order was first included in the FY 2000 budget resolution. This point of order allows any member to question the use of an emergency designation while the bill, amendment or conference report containing the designation is before the Senate. Once the point of order is made, it will require 60-votes to waive the point of order and keep the designation. If the motion to waive is not successful, the designation is removed from the measure and the spending remains and in all likelihood is now subject to a Budget Act point of order which too would require 60-votes to overcome. The removal of the designation is accomplished by the same method as provided for in the Byrd Rule (section 313 of the Congressional Budget Act).

The language in the Chairman's Mark differs from past resolutions only to the extent that the references to sections 251 and 252

of the BBEDCA have been replaced with a cross reference to subsection (a) of this section which provides the authority for the use of the designation.

Section 205: Pay-as-you-go point of order in the Senate

The Chairman's Mark revises and extends the Senate's pay-as-you-go point of order. The original pay-as-you-go point of order first appeared in the FY 1994 budget resolution. It's most recent version expired in its entirety on September 30, 2002. The point of order was revised and extended in S. Res. 304 (107th Congress) through April 15, 2003. S. Res 304 included a new provision of the pay-as-you-go rule making the rule applicable to mandatory spending in appropriations bills in order to prevent the exploitation of the fact that there were no limits on discretionary spending for FY 2003 due to the expiration of the discretionary spending limits and the lack of an FY 2003 budget resolution.

The pay-as-you-go point of order included in the Chairman's Mark does not retain the expanded application to appropriation bills set out in S. Res. 304. Rather it resembles the previous versions of the rule with one change: it will apply on a post-budget resolution policy basis. To accomplish this a scorecard will be maintained by the Chairman of the Committee on the Budget which will set out the total level of change to the deficit assumed by the most recently adopted budget resolution. Subsequent legislation will be measured against these balances.

Subtitle B: Reserve Funds

In general, a reserve fund permits the Chairman of the Committee on the Budget to increase the section 302 allocation and other appropriate levels set out in this resolution (including in some cases – see sections 211 and 212 – the discretionary spending limits) once certain conditions have been met. The authority to make these adjustments is solely within the discretion of the Chairman and may be made when the committee of jurisdiction indicated reports a measure which satisfies all the conditions set out in the reserve fund.

Section 211: Adjustment for special education

The Chairman's Mark contains a mechanism to make additional resources available to the Committee on Appropriations specifically for the Part B grant program under the Individuals with Disabilities Education Act (IDEA). The underlying functional levels and discretionary spending limits in the resolution assume a \$1.0 billion increase for this program for fiscal year 2004 and an additional \$1.0 billion for FY 2005. The mechanism will make available an additional \$205 million for fiscal year 2004 and \$209 million for fiscal year 2005 after enactment of a bill reported by the Committee on Health, Education, Labor and Pensions reauthorizing IDEA.

Section 212: Adjustment for highways and highway safety

The Chairman's Mark provides a mechanism to make additional resources available to the Committee on Appropriations for highway programs once the reauthorization of the Transportation Equity Act for the 21st Century (TEA-21) is enacted, provided that the reauthorization provides new resources for the highway trust fund – without increasing the deficit.

Section 213: Reserve fund for Medicare and prescription drugs

The Chairman's Mark provides up to \$400 billion for the period of fiscal years 2004 through 2013 for legislation that improves the Medicare program and makes prescription drugs more accessible for those covered by Medicare. The adjustment may be made only if the Committee on Finance reports a bill that strengthens and enhances the Medicare program as well as improves the access of beneficiaries to prescription drugs.

Section 214: Reserve fund for health insurance for the uninsured

The Chairman's Mark provides up to \$50 billion for the period of fiscal years 2004 through 2013 for legislation that provides health insurance for the uninsured. The adjustment may be made only if the Committee on Finance reports a bill that provides health insurance for the uninsured – which may include a measure providing for tax deductions for the purchase of health insurance for, among others, moderate income individuals not receiving health insurance from their employers.

Section 215: Reserve fund for children with special needs

The Chairman's Mark provides up to \$7.3 billion for legislation that provides states with the option to expand Medicaid coverage for children with special needs. The adjustment may be made only if the Committee on Finance reports a bill which does not exceed \$43 million in new budget authority and \$42 million in outlays for fiscal year 2004, and \$7.5 billion in new budget authority and \$7.3 billion in outlays for the period of fiscal years 2004 through 2013.

Section 216: Reserve fund for Medicaid Reform

The Chairman's Mark provides up to \$12.782 billion through 2010 for legislation that reforms the Medicaid program. The adjustment may be made only if the Committee on Finance reports a bill that provides an option for the states to receive their Medicaid and SCHIP money in an allotment that would be indexed at predetermined rates. The adjustments may be made only if the Finance Committee reports a bill that does not exceed \$3.258 billion in new budget authority and outlays for 2004, \$8.944 billion in new budget authority and outlays for the period of fiscal years 2004 through 2008, \$12.782 billion in new budget authority and outlays for the period of fiscal years 2004 through 2010, and is deficit neutral for the period of fiscal years 2004 through 2013 .

Section 217: Reserve fund for Project Bioshield

The Chairman's Mark provides up to \$5.75 billion over the life of the resolution for legislation that facilitates procurement for inclusion by the Secretary of Health and Human Services in the Strategic National Stockpile of countermeasures necessary to protect the public health from current and emerging threats of chemical, biological, radiological, or nuclear agents. The adjustments may be made only if the Committee on Health Education, Labor and Pensions reports a bill that provides no more than \$890 million in new budget authority (and \$575 million in outlays) for fiscal year 2004 and \$5.749 billion in new budget authority and outlays for the period of fiscal years 2004 through 2013.

Section 218: Reserve fund for State Children's Health Insurance Program

The Chairman's Mark provides up to \$1.825 billion in new budget authority for legislation that extends the availability to states of fiscal year 1998 and 1999 expired State Children's Health Insurance Program allotments and expiring 2000 allotments. The adjustments may be made only if the Committee on Finance reports a bill that provides no more than \$1.26 billion in new budget authority (and \$85 million in outlays) for fiscal year 2003, \$1.33 billion in new budget authority (and \$85 million in outlays) for fiscal year 2004, \$1.95 billion in new budget authority (and \$845 million in outlays) for the period of fiscal years 2003 through 2008, and \$1.825 in new budget authority (and \$975 million in outlays) for the period of fiscal years 2003 through 2013.

Section 219: Reserve fund for the state grant program and ANWR receipts

The Chairman's Mark provides up to \$250 million per year (beginning in fiscal year 2006) for legislation that provides additional resources for the state grant program funded from the Land and Water Conservation Fund. The adjustment is conditioned upon two events: the enactment of legislation which raises offsetting receipts (reflected in the Mark as a reduction in outlays) from the opening of the Arctic National Wildlife Refuge and subsequent reporting of a bill from the Committee on Energy and Natural Resources that dedicates a portion of these receipts to the Land and Water Conservation Trust Fund to fund the e grant program.

Subtitle C: Rulemaking and other miscellaneous provisions

Section 221: Authority to make adjustments for changes in concepts and definitions

The Chairman's Mark provides that upon enactment of legislation which changes funding of an existing program from discretionary to mandatory (or vice versa) the Chairman of the Committee on the Budget will immediately adjust the levels in this resolution (including the discretionary spending limits) to reflect such a change.

Section 222: Application and effect of changes in allocations and aggregates

The Chairman's mark contains language identical to section 221 of the FY 2002 budget resolution which simply makes clear when adjustments made under title II of the budget resolution will take effect.

Section 223: Exercise of Rulemaking Powers

As always, the Chairman's Mark includes language identical to section 222 of the FY 2002 budget resolution which simply states Congress' authority to legislate rule of procedure for either chamber.

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - FUNCTIONAL SUMMARIES
(\$ billions)

Function		2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
050	BA	362.106	392.494	400.476	420.071	440.185	460.435	480.886	487.567	493.340	501.103	509.031	517.323	4710.417
	OT	348.555	386.229	400.882	414.205	426.007	438.656	462.861	476.347	486.254	498.634	499.675	512.815	4616.336
Discr.	BA	360.988	392.137	400.058	419.437	439.507	459.729	480.129	486.788	492.526	500.259	508.180	516.432	4703.045
	OT	348.511	386.373	400.561	413.682	425.379	437.995	462.157	475.620	485.494	497.848	498.887	511.989	4609.612
Mand.	BA	1.118	0.357	0.418	0.634	0.678	0.706	0.757	0.779	0.814	0.844	0.851	0.891	7.372
	OT	0.044	-0.144	0.321	0.523	0.628	0.661	0.704	0.727	0.760	0.786	0.788	0.826	6.724
Function change			8.4%	2.0%	4.9%	4.8%	4.6%	4.4%	1.4%	1.2%	1.6%	1.6%	1.6%	3.3%
Discretionary change			8.6%	2.0%	4.8%	4.8%	4.6%	4.4%	1.4%	1.2%	1.6%	1.6%	1.6%	3.3%
150	BA	25.144	22.506	24.566	28.900	31.748	33.309	34.583	35.655	36.763	37.903	39.039	40.183	342.649
	OT	22.357	19.283	23.532	24.087	25.898	28.072	29.474	30.863	32.086	33.221	34.332	35.486	297.049
Discr.	BA	25.208	25.407	27.536	29.200	31.019	32.560	33.817	34.872	35.964	37.089	38.210	39.335	339.602
	OT	26.229	26.000	26.100	26.692	28.554	30.692	31.989	33.355	34.576	35.728	36.859	37.966	322.509
Mand.	BA	-0.064	-2.901	-2.970	-0.300	0.729	0.749	0.766	0.783	0.799	0.814	0.829	0.848	3.047
	OT	-3.872	-6.717	-2.568	-2.605	-2.656	-2.620	-2.515	-2.492	-2.490	-2.507	-2.527	-2.480	-25.460
Function change			-10.5%	9.2%	17.6%	9.9%	4.9%	3.8%	3.1%	3.1%	3.1%	3.0%	2.9%	4.6%
Discretionary change			0.8%	8.4%	6.0%	6.2%	5.0%	3.9%	3.1%	3.1%	3.1%	3.0%	2.9%	4.1%
250	BA	22.016	23.153	23.603	24.433	25.217	26.055	26.832	27.462	28.121	28.805	29.492	30.185	270.205
	OT	20.772	21.556	22.728	23.715	24.420	25.202	25.942	26.639	27.296	27.963	28.639	29.319	261.863
Discr.	BA	21.922	23.047	23.573	24.402	25.186	26.023	26.799	27.429	28.087	28.770	29.456	30.149	269.874
	OT	20.715	21.457	22.630	23.620	24.356	25.157	25.909	26.607	27.263	27.929	28.605	29.284	261.360
Mand.	BA	0.094	0.106	0.030	0.031	0.031	0.032	0.033	0.033	0.034	0.035	0.036	0.036	0.331
	OT	0.057	0.099	0.098	0.095	0.064	0.045	0.033	0.032	0.033	0.034	0.034	0.035	0.503
Function change			5.2%	1.9%	3.5%	3.2%	3.3%	3.0%	2.3%	2.4%	2.4%	2.4%	2.3%	2.9%
Discretionary change			5.1%	2.3%	3.5%	3.2%	3.3%	3.0%	2.4%	2.4%	2.4%	2.4%	2.4%	2.9%
270	BA	0.400	2.074	2.634	2.797	2.714	2.540	3.080	3.090	3.194	3.296	3.408	3.520	30.273
	OT	0.483	0.439	0.873	0.947	1.272	1.069	1.419	1.686	1.794	1.976	2.357	2.326	15.718
Discr.	BA	3.248	3.237	3.672	3.975	3.914	3.902	4.858	4.975	5.096	5.227	5.357	5.489	46.465
	OT	2.974	3.151	3.577	3.869	3.971	3.901	4.647	4.911	5.031	5.157	5.286	5.415	45.764
Mand.	BA	-2.848	-1.163	-1.038	-1.178	-1.200	-1.362	-1.778	-1.885	-1.902	-1.931	-1.949	-1.969	-16.192
	OT	-2.491	-2.712	-2.704	-2.922	-2.699	-2.832	-3.228	-3.225	-3.237	-3.181	-2.929	-3.089	-30.046
Function change			418.5%	27.0%	6.2%	-3.0%	-6.4%	21.2%	0.3%	3.4%	3.2%	3.4%	3.3%	43.4%
Discretionary change			-0.3%	13.4%	8.3%	-1.5%	-0.3%	24.5%	2.4%	2.4%	2.6%	2.5%	2.5%	5.1%

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - FUNCTIONAL SUMMARIES
(\$ billions)

Function		2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
300	BA	30.636	30.816	31.618	32.480	33.094	33.418	34.101	35.221	36.060	36.831	37.474	38.204	348.501
	OT	29.459	28.940	30.777	31.630	32.769	33.042	33.509	34.552	35.374	36.140	36.756	37.565	342.114
Discr.	BA	29.124	29.238	29.327	29.802	30.097	30.583	31.319	31.998	32.705	33.448	34.196	34.970	318.445
	OT	28.949	27.857	29.014	29.554	29.983	30.464	30.965	31.542	32.199	32.899	33.595	34.342	314.557
Mand.	BA	1.512	1.578	2.291	2.678	2.997	2.835	2.782	3.223	3.355	3.383	3.278	3.234	30.056
	OT	0.510	1.083	1.763	2.076	2.787	2.578	2.544	3.010	3.175	3.241	3.161	3.223	27.557
Function change			0.6%	2.6%	2.7%	1.9%	1.0%	2.0%	3.3%	2.4%	2.1%	1.7%	1.9%	2.0%
Discretionary change			0.4%	0.3%	1.6%	1.0%	1.6%	2.4%	2.2%	2.2%	2.3%	2.2%	2.3%	1.7%
350	BA	23.821	24.418	24.583	27.003	26.828	26.299	25.507	26.092	25.545	24.991	24.573	24.297	255.718
	OT	22.188	23.365	23.656	25.763	25.593	25.107	24.381	25.128	24.716	24.180	23.778	23.498	245.800
Discr.	BA	5.688	5.727	5.243	5.609	5.734	5.876	6.037	6.208	6.386	6.575	6.767	6.962	61.397
	OT	5.306	5.852	5.589	5.533	5.613	5.758	5.958	6.128	6.303	6.487	6.679	6.871	60.919
Mand.	BA	18.133	18.691	19.340	21.394	21.094	20.423	19.470	19.884	19.159	18.416	17.806	17.335	194.321
	OT	16.882	17.513	18.067	20.230	19.980	19.349	18.423	19.000	18.413	17.693	17.099	16.627	184.881
Function change			2.5%	0.7%	9.8%	-0.6%	-2.0%	-3.0%	2.3%	-2.1%	-2.2%	-1.7%	-1.1%	0.2%
Discretionary change			0.7%	-8.5%	7.0%	2.2%	2.5%	2.7%	2.8%	2.9%	3.0%	2.9%	2.9%	1.9%
370	BA	11.262	5.212	7.228	8.155	5.714	5.367	5.123	4.663	4.190	3.783	3.628	3.281	51.132
	OT	-0.385	2.281	3.286	3.462	0.550	-0.608	-1.377	-1.844	-2.679	-3.669	-4.219	-4.526	-11.624
Discr.	BA	0.693	0.150	-0.496	-0.269	-0.554	0.534	0.878	0.767	0.661	0.534	0.625	0.574	3.254
	OT	1.230	0.054	0.092	-0.393	-0.650	0.449	0.686	0.633	0.549	0.414	0.502	0.450	2.732
Mand.	BA	10.569	5.062	7.724	8.424	6.268	4.833	4.245	3.896	3.529	3.249	3.003	2.707	47.878
	OT	-1.615	2.227	3.194	3.855	1.200	-1.057	-2.063	-2.477	-3.228	-4.083	-4.721	-4.976	-14.356
370 on-budget	BA	8.191	8.812	7.428	8.655	8.192	8.538	8.655	8.438	8.319	8.298	8.401	8.475	83.399
	OT	0.266	5.881	3.486	3.962	3.028	2.563	2.155	1.931	1.450	0.846	0.554	0.668	20.643
Discr.	BA	0.693	0.150	-0.496	-0.269	-0.554	0.534	0.878	0.767	0.661	0.534	0.625	0.574	3.254
	OT	1.230	0.054	0.092	-0.393	-0.650	0.449	0.686	0.633	0.549	0.414	0.502	0.450	2.732
Mand.	BA	7.498	8.662	7.924	8.924	8.746	8.004	7.777	7.671	7.658	7.764	7.776	7.901	80.145
	OT	-0.964	5.827	3.394	4.355	3.678	2.114	1.469	1.298	0.901	0.432	0.052	0.218	17.911
Function change			-53.7%	38.7%	12.8%	-29.9%	-6.1%	-4.5%	-9.0%	-10.1%	-9.7%	-4.1%	-9.6%	-7.8%
Discretionary change			-78.4%	-430.7%	-45.8%	105.9%	-196.4%	64.4%	-12.6%	-13.8%	-19.2%	17.0%	-8.2%	-56.1%
400	BA	68.887	64.091	64.493	69.158	69.606	70.116	70.702	71.512	72.323	73.183	74.067	74.987	710.147
	OT	61.862	67.847	69.409	68.083	67.912	68.395	69.073	69.899	70.793	71.744	72.779	73.846	701.933
Discr.	BA	23.820	22.611	23.205	23.134	23.611	24.103	24.670	25.433	26.221	27.040	27.875	28.739	254.031
	OT	57.292	65.184	67.148	65.898	65.863	66.411	67.146	67.943	68.826	69.742	70.731	71.745	681.453
Mand.	BA	45.067	41.480	41.288	46.024	45.995	46.013	46.032	46.079	46.102	46.143	46.192	46.248	456.116
	OT	4.570	2.663	2.261	2.185	2.049	1.984	1.927	1.956	1.967	2.002	2.048	2.101	20.480
Function change			-7.0%	0.6%	7.2%	0.6%	0.7%	0.8%	1.1%	1.1%	1.2%	1.2%	1.2%	0.8%
Discretionary change			-5.1%	2.6%	-0.3%	2.1%	2.1%	2.4%	3.1%	3.1%	3.1%	3.1%	3.1%	1.7%

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - FUNCTIONAL SUMMARIES
(\$ billions)

Function		2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
450	BA	23.361	12.251	14.063	14.138	14.321	14.536	14.745	14.980	15.233	15.492	15.755	16.023	149.286
	OT	12.991	15.994	15.823	15.872	14.961	14.664	14.123	14.298	14.501	14.750	14.992	15.259	149.242
Discr.	BA	23.051	11.725	13.826	13.999	14.188	14.401	14.688	14.921	15.168	15.425	15.686	15.950	148.252
	OT	14.108	16.054	15.912	15.992	15.124	14.884	14.390	14.602	14.835	15.079	15.313	15.569	151.699
Mand.	BA	0.310	0.526	0.237	0.139	0.133	0.135	0.057	0.059	0.065	0.067	0.069	0.073	1.034
	OT	-1.117	-0.060	-0.089	-0.120	-0.163	-0.220	-0.267	-0.304	-0.334	-0.329	-0.321	-0.310	-2.457
Function change			-47.6%	14.8%	0.5%	1.3%	1.5%	1.4%	1.6%	1.7%	1.7%	1.7%	1.7%	-1.8%
Discretionary change			-49.1%	17.9%	1.3%	1.4%	1.5%	2.0%	1.6%	1.7%	1.7%	1.7%	1.7%	-1.5%
500	BA	79.861	82.974	89.115	89.123	92.483	95.624	98.980	101.868	103.724	105.825	108.209	109.808	994.759
	OT	70.544	81.531	84.997	85.787	88.723	91.673	94.810	98.115	100.946	103.201	105.235	107.307	960.794
Discr.	BA	71.275	72.875	78.487	78.686	81.300	84.078	87.141	89.762	91.456	93.220	95.357	96.629	876.116
	OT	62.751	71.958	75.122	75.663	78.136	80.813	83.631	86.718	89.309	91.334	93.136	94.896	848.758
Mand.	BA	8.586	10.099	10.628	10.437	11.183	11.546	11.839	12.106	12.268	12.605	12.852	13.179	118.643
	OT	7.793	9.573	9.875	10.124	10.587	10.860	11.179	11.397	11.637	11.867	12.099	12.411	112.036
Function change			3.9%	7.4%	0.0%	3.8%	3.4%	3.5%	2.9%	1.8%	2.0%	2.3%	1.5%	3.0%
Discretionary change			2.2%	7.7%	0.3%	3.3%	3.4%	3.6%	3.0%	1.9%	1.9%	2.3%	1.3%	2.8%
550	BA	205.120	222.913	240.622	260.198	279.466	299.688	322.192	345.623	370.669	396.802	415.777	445.554	3376.591
	OT	196.521	217.881	239.179	259.962	279.243	298.566	320.725	344.139	369.140	395.264	414.359	444.147	3364.724
Discr.	BA	45.789	49.468	49.620	50.667	51.800	52.950	54.299	55.607	56.972	58.387	59.806	61.246	551.354
	OT	39.426	44.349	47.742	49.376	50.414	51.631	52.576	53.801	55.102	56.460	57.851	59.252	534.205
Mand.	BA	159.331	173.445	191.002	209.531	227.666	246.738	267.893	290.016	313.697	338.415	355.971	384.308	2825.237
	OT	157.095	173.532	191.437	210.586	228.829	246.935	268.149	290.338	314.038	338.804	356.508	384.895	2830.519
Function change			8.7%	7.9%	8.1%	7.4%	7.2%	7.5%	7.3%	7.2%	7.1%	4.8%	7.2%	7.3%
Discretionary change			8.0%	0.3%	2.1%	2.2%	2.2%	2.5%	2.4%	2.5%	2.5%	2.4%	2.4%	2.7%
570	BA	231.399	248.586	265.178	282.869	322.045	344.178	369.577	395.685	422.684	453.721	488.367	526.981	3871.285
	OT	230.855	248.434	265.443	285.817	318.806	344.448	369.452	395.424	422.942	457.078	484.541	527.237	3871.188
Discr.	BA	3.653	3.798	3.739	3.807	3.906	4.014	4.138	4.353	4.572	4.809	5.089	5.396	43.823
	OT	3.156	3.797	3.726	3.811	3.897	3.992	4.113	4.309	4.524	4.757	5.027	5.327	43.483
Mand.	BA	227.746	244.788	261.439	279.062	318.139	340.164	365.439	391.332	418.112	448.912	483.278	521.585	3827.462
	OT	227.699	244.637	261.717	282.006	314.909	340.456	365.339	391.115	418.418	452.321	479.514	521.910	3827.705
Function change			7.4%	6.7%	6.7%	13.8%	6.9%	7.4%	7.1%	6.8%	7.3%	7.6%	7.9%	7.8%
Discretionary change			4.0%	-1.6%	1.8%	2.6%	2.8%	3.1%	5.2%	5.0%	5.2%	5.8%	6.0%	3.6%

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - FUNCTIONAL SUMMARIES
(\$ billions)

Function		2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
600	BA	309.367	326.390	319.513	333.810	341.805	349.191	362.006	373.681	385.152	400.573	404.045	418.978	3688.754
	OT	312.511	334.169	324.701	337.157	344.322	350.983	363.115	374.384	385.671	401.003	404.453	419.551	3705.341
Discr.	BA	42.379	44.020	45.712	48.760	50.311	52.004	53.714	55.441	57.295	59.143	61.023	62.884	546.287
	OT	48.081	50.781	51.544	52.373	53.424	54.643	56.116	57.505	58.954	60.560	62.215	63.908	571.243
Mand.	BA	266.988	282.370	273.801	285.050	291.494	297.187	308.292	318.240	327.857	341.430	343.022	356.094	3142.467
	OT	264.430	283.388	273.157	284.784	290.898	296.340	306.999	316.879	326.717	340.443	342.238	355.643	3134.098
Function change			5.5%	-2.1%	4.5%	2.4%	2.2%	3.7%	3.2%	3.1%	4.0%	0.9%	3.7%	2.8%
Discretionary change			3.9%	3.8%	6.7%	3.2%	3.4%	3.3%	3.2%	3.3%	3.2%	3.2%	3.0%	3.7%
650	BA	462.363	478.882	501.140	521.499	546.735	575.008	606.071	641.105	679.322	720.505	766.154	816.195	6373.734
	OT	455.999	476.888	498.679	518.672	543.640	571.621	602.300	636.939	674.852	715.645	760.812	810.363	6333.523
Discr.	BA	3.523	3.833	4.282	4.363	4.450	4.549	4.665	4.820	4.983	5.151	5.323	5.503	48.089
	OT	3.925	3.859	4.231	4.326	4.435	4.532	4.644	4.794	4.953	5.121	5.291	5.471	47.798
Mand.	BA	458.840	475.049	496.858	517.136	542.285	570.459	601.406	636.285	674.339	715.354	760.831	810.692	6325.645
	OT	452.074	473.029	494.448	514.346	539.205	567.089	597.656	632.145	669.899	710.524	755.521	804.892	6285.725
650 on-budget	BA	13.997	13.255	14.294	15.471	16.421	17.919	19.704	21.810	24.283	28.170	31.357	34.347	223.776
	OT	13.988	13.255	14.293	15.471	16.421	17.919	19.704	21.810	24.283	28.170	31.357	34.347	223.775
Discr.	BA	0.019	0.021	0.025	0.025	0.026	0.027	0.027	0.028	0.029	0.030	0.031	0.032	0.280
	OT	0.019	0.021	0.024	0.025	0.026	0.027	0.027	0.028	0.029	0.030	0.031	0.032	0.279
Mand.	BA	13.978	13.234	14.269	15.446	16.395	17.892	19.677	21.782	24.254	28.140	31.326	34.315	223.496
	OT	13.969	13.234	14.269	15.446	16.395	17.892	19.677	21.782	24.254	28.140	31.326	34.315	223.496
Function change			3.6%	4.6%	4.1%	4.8%	5.2%	5.4%	5.8%	6.0%	6.1%	6.3%	6.5%	5.3%
Discretionary change			8.8%	11.7%	1.9%	2.0%	2.2%	2.6%	3.3%	3.4%	3.4%	3.3%	3.4%	4.2%
700	BA	52.126	57.597	61.978	67.125	65.388	63.859	67.645	69.254	70.967	75.643	72.592	77.429	691.880
	OT	50.983	57.486	61.567	66.386	64.963	63.414	67.374	68.899	70.563	75.223	72.071	76.963	687.423
Discr.	BA	24.074	26.532	28.162	28.386	28.812	29.272	29.838	30.796	31.789	32.824	33.887	35.000	308.766
	OT	23.959	26.902	27.967	28.039	28.488	29.022	29.662	30.530	31.497	32.521	33.576	34.663	305.965
Mand.	BA	28.052	31.065	33.816	38.739	36.576	34.587	37.807	38.458	39.178	42.819	38.705	42.429	383.114
	OT	27.024	30.584	33.600	38.347	36.475	34.392	37.712	38.369	39.066	42.702	38.495	42.300	381.458
Function change			10.5%	7.6%	8.3%	-2.6%	-2.3%	5.9%	2.4%	2.5%	6.6%	-4.0%	6.7%	3.8%
Discretionary change			10.2%	6.1%	0.8%	1.5%	1.6%	1.9%	3.2%	3.2%	3.3%	3.2%	3.3%	3.5%
750	BA	36.171	38.543	37.607	37.927	37.965	38.442	39.458	40.478	41.580	42.870	44.188	45.557	406.072
	OT	34.310	37.712	40.769	39.174	38.310	38.233	39.109	40.193	41.280	42.453	43.741	45.101	408.363
Discr.	BA	34.676	36.289	33.529	35.762	36.664	37.621	38.694	39.771	40.931	42.288	43.674	45.117	394.051
	OT	33.153	35.484	37.495	36.611	36.824	37.483	38.455	39.596	40.741	41.977	43.331	44.764	397.277
Mand.	BA	1.495	2.254	4.078	2.165	1.301	0.821	0.764	0.707	0.649	0.582	0.514	0.440	12.021
	OT	1.157	2.228	3.274	2.563	1.486	0.750	0.654	0.597	0.539	0.476	0.410	0.337	11.086
Function change			6.6%	-2.4%	0.9%	0.1%	1.3%	2.6%	2.6%	2.7%	3.1%	3.1%	3.1%	2.1%
Discretionary change			4.7%	-7.6%	6.7%	2.5%	2.6%	2.9%	2.8%	2.9%	3.3%	3.3%	3.3%	2.5%

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - FUNCTIONAL SUMMARIES
(\$ billions)

Function		2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
800	BA	18.384	18.195	20.012	20.341	22.396	21.147	21.646	21.957	22.706	23.469	24.267	25.138	223.079
	OT	17.380	18.120	19.876	20.420	22.225	20.897	21.423	21.515	22.223	22.957	23.892	24.582	220.010
Discr.	BA	15.602	15.702	17.102	17.364	17.760	18.181	18.669	19.303	19.977	20.656	21.360	22.094	192.466
	OT	14.640	15.570	16.783	17.479	17.648	17.956	18.306	18.849	19.500	20.161	20.853	21.571	189.106
Mand.	BA	2.782	2.493	2.910	2.977	4.636	2.966	2.977	2.654	2.729	2.813	2.907	3.044	30.613
	OT	2.740	2.550	3.093	2.941	4.577	2.941	3.117	2.666	2.723	2.796	3.039	3.011	30.904
Function change			-1.0%	10.0%	1.6%	10.1%	-5.6%	2.4%	1.4%	3.4%	3.4%	3.4%	3.6%	3.0%
Discretionary change			0.6%	8.9%	1.5%	2.3%	2.4%	2.7%	3.4%	3.5%	3.4%	3.4%	3.4%	3.2%
900	BA	170.955	155.635	167.272	207.362	236.045	250.767	261.115	270.035	275.796	281.804	286.826	287.128	2524.149
	OT	170.957	155.635	167.272	207.362	236.045	250.767	261.115	270.035	275.796	281.804	286.826	287.128	2524.149
Discr.	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mand.	BA	170.955	155.635	167.272	207.362	236.045	250.767	261.115	270.035	275.796	281.804	286.826	287.128	2524.149
	OT	170.957	155.635	167.272	207.362	236.045	250.767	261.115	270.035	275.796	281.804	286.826	287.128	2524.149
900 on-budget	BA	247.775	239.725	256.952	305.212	344.785	372.187	396.435	420.275	441.986	464.954	487.886	506.898	3997.569
	OT	247.777	239.725	256.952	305.212	344.785	372.187	396.435	420.275	441.986	464.954	487.886	506.898	3997.569
Discr.	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mand.	BA	247.775	239.725	256.952	305.212	344.785	372.187	396.435	420.275	441.986	464.954	487.886	506.898	3997.569
	OT	247.777	239.725	256.952	305.212	344.785	372.187	396.435	420.275	441.986	464.954	487.886	506.898	3997.569
Function change			-9.0%	7.5%	24.0%	13.8%	6.2%	4.1%	3.4%	2.1%	2.2%	1.8%	0.1%	5.1%
Discretionary change			ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
920	BA	0.000	0.000	-2.117	-2.065	-2.007	-1.929	-2.006	-7.643	-12.725	-17.815	-23.409	-28.002	-99.718
	OT	0.000	0.000	-1.958	-2.057	-2.040	-1.987	-2.068	-5.178	-9.683	-14.550	-19.814	-24.749	-84.082
Discr.	BA	0.000	0.000	-2.117	-2.065	-2.007	-1.929	-2.006	-7.643	-12.725	-17.815	-23.409	-28.002	-99.718
	OT	0.000	0.000	-1.958	-2.057	-2.040	-1.987	-2.068	-5.178	-9.683	-14.550	-19.814	-24.749	-84.082
Mand.	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Function change			ERR	ERR	-2.5%	-2.8%	-3.9%	4.0%	281.0%	66.5%	40.0%	31.4%	19.6%	ERR
Discretionary change			ERR	ERR	-2.5%	-2.8%	-3.9%	4.0%	281.0%	66.5%	40.0%	31.4%	19.6%	ERR

CHAIRMAN'S MARK FOR FY 2004 BUDGET RESOLUTION - FUNCTIONAL SUMMARIES
(\$ billions)

Function		2002 Actual	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-13
950	BA	-47.806	-50.513	-52.926	-63.411	-69.375	-61.259	-65.185	-66.882	-69.937	-73.259	-78.640	-82.068	-682.942
	OT	-47.392	-50.513	-52.926	-63.411	-69.375	-61.259	-65.185	-66.882	-69.937	-73.259	-78.640	-82.068	-682.942
Discr.	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mand.	BA	-47.806	-50.513	-52.926	-63.411	-69.375	-61.259	-65.185	-66.882	-69.937	-73.259	-78.640	-82.068	-682.942
	OT	-47.392	-50.513	-52.926	-63.411	-69.375	-61.259	-65.185	-66.882	-69.937	-73.259	-78.640	-82.068	-682.942
950 on-budget	BA	-38.514	-41.104	-42.894	-52.608	-57.884	-49.087	-52.121	-52.962	-55.108	-57.359	-62.012	-64.358	-546.393
	OT	-38.514	-41.104	-42.894	-52.608	-57.884	-49.087	-52.121	-52.962	-55.108	-57.359	-62.012	-64.358	-546.393
Discr.	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mand.	BA	-38.514	-41.104	-42.894	-52.608	-57.884	-49.087	-52.121	-52.962	-55.108	-57.359	-62.012	-64.358	-546.393
	OT	-38.514	-41.104	-42.894	-52.608	-57.884	-49.087	-52.121	-52.962	-55.108	-57.359	-62.012	-64.358	-546.393
Function change			6.7%	4.4%	22.6%	10.0%	-15.2%	6.2%	1.6%	4.1%	4.1%	8.1%	3.8%	5.1%
Discretionary change			ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Total	BA	2085.573	2156.217	2240.658	2381.913	2522.373	2646.791	2777.058	2891.403	3004.708	3135.525	3244.843	3390.700	28235.972
	OT	2010.950	2143.277	2238.564	2363.032	2484.245	2600.954	2731.575	2855.150	2973.927	3111.759	3206.566	3361.149	27926.921
Discr.	BA	734.713	765.796	784.460	815.019	845.698	878.451	912.347	925.601	938.065	953.030	968.462	984.466	9005.600
	OT	734.405	804.682	833.275	850.067	869.419	893.796	929.282	952.265	969.972	989.625	997.924	1018.733	9304.357
Mand.	BA	1350.860	1390.421	1456.198	1566.894	1676.675	1768.340	1864.711	1965.802	2066.643	2182.495	2276.381	2406.234	19230.372
	OT	1276.545	1338.595	1405.290	1512.965	1614.825	1707.158	1802.293	1902.886	2003.955	2122.134	2208.642	2342.416	18622.564
Total on-budget	BA	1720.248	1787.689	1853.724	1985.038	2114.768	2226.465	2342.607	2440.043	2534.817	2646.755	2732.507	2851.526	23728.250
	OT	1655.288	1776.743	1854.090	1968.984	2079.735	2184.015	2300.895	2407.956	2508.506	2627.849	2699.572	2827.807	23459.409
Discr.	BA	731.209	761.984	780.203	810.681	841.274	873.929	907.709	920.809	933.111	947.909	963.170	978.995	8957.791
	OT	730.499	800.844	829.068	845.766	865.010	889.291	924.665	947.499	965.048	984.534	992.664	1013.294	9256.838
Mand.	BA	989.039	1025.705	1073.521	1174.357	1273.494	1352.536	1434.898	1519.234	1601.706	1698.846	1769.337	1872.531	14770.459
	OT	924.789	975.899	1025.023	1123.218	1214.724	1294.724	1376.230	1460.458	1543.458	1643.315	1706.908	1814.513	14202.571
Revenues		1853.173	1854.882	1908.571	2106.943	2282.159	2445.202	2590.780	2741.902	2892.840	3034.457	3200.816	3379.326	26582.996
Revenues on-budget		1337.852	1323.275	1350.745	1519.158	1663.097	1794.074	1906.371	2022.790	2137.116	2242.335	2371.278	2509.676	19516.640
Surplus		-157.777	-288.395	-329.993	-256.089	-202.086	-155.752	-140.795	-113.248	-81.087	-77.302	-5.750	18.177	-1343.925
On-budget		-317.436	-453.468	-503.345	-449.826	-416.638	-389.941	-394.524	-385.166	-371.390	-385.514	-328.294	-318.131	-3942.769
Off-budget		159.659	165.073	173.352	193.737	214.552	234.189	253.729	271.918	290.303	308.212	322.544	336.308	2598.844